



weekly **worker**



**Why do so many on the left
advocate not socialism, but
Keynesianism?**

- EU's Nobel Prize
- Iran's hyperinflation
- Rifondazione Comunista
- Letters and debate

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Towards a Communist Party of the European Union

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Rebuild the movement

LETTERS



Letters may have been shortened because of space. Some names may have been changed

Rape apologism

Tony Greenstein uses the familiar tactic of setting up a series of straw men to distract us from the discussion of women's oppression, in this case relating to Julian Assange and rape apologism (Letters, October 4).

Tony seems concerned that I have not obediently placed women at the end of a very long queue, including Zionism, imperialism, racism in the deep south (against men - racist-inspired sexual violence against black women isn't mentioned), the chequered political biography of individual feminists, etc; and, more importantly, I have failed to subordinate my own interests to those of pretty much everybody else. How unfeminine. Tony suggests that feminists are concerned with democratising capitalism. I suspect many, from Andrea Dworkin to Sheila Rowbotham, might be surprised to learn that their political ambitions were so limited. He also points out that some feminists became fascists. So did some socialists - for example, Oswald Mosley, who was originally in the Labour Party - while many feminists were socialists and communists, notably Sylvia Pankhurst, many Poplar councillors, Dora Montefiore, Charlotte Despard, etc.

To clarify, Assange has been accused of rape, defined as penetration without consent. That seems to many of us to be a serious offence. The behaviour of the women before or after the event is *irrelevant*. The only thing that counts is consent. Not whether they spoke to Assange, talked about Assange, consented to penetrative sex with Assange at some other time. No grey areas. No implied consent. Just actual consent. In contrast to Tony's suggestion, 'Yes means yes and no means no' is more than a throwaway slogan - in fact, it turns out that the absence of yes means no, too - so a man needs to ensure he has reasonable grounds to believe the woman consents.

Tony relies on the idea that "the woman herself may be uncertain as to whether she wants sexual intercourse and that is taken as a signal by her bedmate". A signal for what? It should be a signal to stop and find out, but it's not clear if that is what Tony means. Oh, those confused, befuddled women - they don't know what they want. Tony is also concerned that the Swedish women did not have a good reason to persist in a relationship with someone who has just raped them and suggests this is because they didn't take it very seriously.

Firstly, this demonstrates a lack of understanding of the psychological reaction to sexual violence. Women very often behave as though nothing is wrong, minimise and normalise the assault. So I reiterate: continuing a sexual or social relationship is not evidence of his innocence or guilt. It's just evidence of focusing on the victim, not the perpetrator.

Secondly, there is no reason to believe that a woman who has been raped has any more knowledge of the relevant legislation than anyone else who has been subjected to the prevailing catalogue of mythology and rape apologism. Tony attempts to draw a comparison with the defence of provocation or self-defence in cases of homicide following domestic violence. The behaviour of the dead man in such cases is the direct cause of their death - this is not so in the case of raped women. As has been pointed out numerous times, their behaviour - drinking, dress, flirtatiousness -

and previous sexual habits are not the cause of them being raped. Once again, the behaviour of rape victims is *irrelevant*.

Then Dave Douglass contributes his thoughts on the healthy development of the sexuality of adolescent girls. Reading this is a troubling experience. One can only assume the intended readership did not include anybody with any empathy for a teenage girl drawn into a sexual relationship with an older man in a position of trust and authority. The idea of the age of consent is problematic in many ways, but suggesting that a relationship between a teenage pupil/student and their adult teacher is an example of emotionally well-balanced sexuality is highly questionable. I wonder how far this would be acceptable - 60-year-old male teacher with 12-year-old boy? It serves no good purpose to imply that the legal/judicial system recognises no difference between consensual relationships between two 14-year-olds and sexual exploitation of children by adults. It is widely recognised that physical maturity often outpaces emotional development in teenagers.

The October 11 edition of the *Weekly Worker* provides Paul Demarty with a platform for his views on the response of the National Union of Students to George Galloway's stated opinions on rape ('Unreason all the way down'). The use of 'no platform' is not a helpful tactic, as Galloway is not attempting to set up a political organisation aiming to legitimise his ridiculous attitudes. The NUS should have opposed his views and argued against them - not a difficult task, because Galloway's usual political intelligence has, sadly, deserted him on this occasion. George is mistaken in his definition of rape; this he shares with many commentators, but as an MP we hold him to a higher standard because he is partly responsible for creating the legislation in the first place.

Paul echoes many of the misapprehensions so common in this debate, but adds the impressive individual achievement of using the words "shrill" (twice) and "irrational", puts scare quotes round "rape deniers", and asks the rhetorical question: "In what universe do women feel less 'safe' if Galloway is around?" as part of a general criticism of 'official' feminism. Unnecessarily patronising. Since you ask, Paul (albeit rhetorically), women feel less safe in any universe in which Galloway's views on rape go unchallenged and thus contribute to the rape culture we live in.

Paul seems amused by putting rape on the "list of bad things" drawn up by liberalism, feminists, moralistic witch-hunters and the terminally bewildered. He argues that rape is a bad thing (that's a relief), but continues to promote unhelpful attitudes. The issue, says Paul, is not that "rape is rape", but whether we "would rather be cajoled and misled into unprotected sex by a dodgy partner, or dragged into an alley, beaten and sodomised. Neither should be acceptable - but to suggest that they ought not to be qualitatively different in the eyes of the law is frankly obscene." But they are treated differently. One is rape (penetration without consent) and the other is rape with additional physical violence. They are not treated the same, and no sane person would say they should be. But they emphatically *are* both rape because rape is defined by lack of consent.

It is interesting that unprotected (presumably vaginal) penetration is considered qualitatively less serious than sodomy. Of course, that could

be because the vagina is seen as the natural and normal orifice for an unwelcome penis, while the anus represents a site of genuine sexual violation. I imagine a great many straight men find the latter a more horrifying prospect for a rape victim - many of whom are men and boys.

In the light of recent contributions to this paper, I anticipate next week's edition will include the attempted rehabilitation of Jimmy Savile.

Heather Downs
Medway

My point was ...

What Terry Burns (Letters, October 11) interprets as a "smokescreen" was in fact the *substance* of what my letter of the preceding week was addressing. That being the absurd and reactionary contradictions in the use of the word 'child' and the relative mental and social abilities the state assigns to young people. The state finds no apparent contradiction in finding a 10-year-old quite capable of the rational and mature criminal ability to rape or murder, but a 15-year-old is unable to consent to a sexual relationship. That was the point of my observations.

I may also be old-fashioned enough to believe people's relationships are actually private and of no concern to anyone other than the people involved and, perhaps, their families; that it actually isn't Terry's, or the state's, business who someone has a consensual relationship with. In a fraught and vexed situation, such as the runaway couple we were discussing, outside interference and the clod-hopping intervention of the law is totally unhelpful and in this case made the situation far worse. The relationship of the teacher with the student, given the current state of the law and manufactured public opinion, was always going to be on the edge of disaster for everyone involved - his current partner, his children, her parents, apart from themselves. But love, as they say is blind, and that's the nature of the affliction.

We don't actually choose who we fall in love with or, given the all-consuming nature of that most irrational of all human emotions, think through the consequences rationally. That's true, whatever your age. In this case, it looks as though the couple simply planned to take off for a weekend, until the press got hold of it and forced them into a tighter corner and even more disastrous decisions. Had this not happened, things may well have worked out differently. Certainly one would have thought a maths teacher could have worked this particular equation out better than he did. He could, for example, have resigned his position at the school, and simply stopped seeing the girl for the four months or so until her 16th birthday. He would certainly have been aware of the not unreasonable proscriptions on relationships with pupils, given the captive nature of teacher-student relations and balances of position and power. He could well have stepped back from the relationship and given his girlfriend space to consider the future and where the relationship would and could actually go.

Terry Burns doesn't express a shred of communist humanity for people in this complex maze of judgment and punishment, but actually introduces a suggestion for further prohibition and restriction - age gap rather than age difference. The 10-year difference between this couple's ages would, of course, be the same if she was 20 and he was 30. Just why this in itself should be a consideration as to whether a relationship is acceptable or not is something even the state hasn't tried to impose. In four months or

so, the student will be 16 and there will still be a 10-year age gap, but such a relationship would be legally permitted (but not for a teacher and his student, of course).

I clearly remember being a teenager and all of my sexual encounters - one in particular with a much older woman. What I don't remember is ever weighing whether I should have waited for "a fully equal and free social, including sexual, existence until humankind has achieved a classless world" beforehand. I have a feeling I would have disregarded all the sound wisdom and advice of people like Terry and just lived for the joy and excitement of that moment. With the balance of many years and hindsight, one can often wince at the decisions and judgments one made - and not only when a teenager - but that certainly doesn't mean they weren't really free choices, voluntarily entered into. I tend to think we have enough moral enforcement and interference officers around without people ostensibly on the left dishing out suggestions for legislation as well.

Dave Douglass
South Shields

Move to right

Terry Burns accuses me of *Fox News*-type spin and suggesting that "all feminists support the same common group of activities" for pointing out that Nora Elam, general secretary of the Women's Political and Social Union, became an active member and organiser for the British Union of Fascists.

With the greatest of respect, Terry entirely misunderstands the argument that I was making and perhaps I too am guilty for not making my points with greater clarity. Nora Elam wasn't the only suffragette to become a fascist or militarist. Mary Richardson, who became the head of the women's section of the BUF, was another. So too was Mary Allen, a founder of the Women's Police Volunteers.

Likewise, Emmeline Pankhurst and two of her daughters, Adela and Christabel, moved to the far right after World War I. Emmeline Pankhurst began a recruiting campaign among the men in the country, handing out white feathers to those who wouldn't or weren't serving in the army. The political cleavage I am speaking about is best demonstrated by the Pankhurst sisters themselves. Christabel ended up supporting suffrage only for women with property, whereas Sylvia campaigned for universal suffrage and was an anti-imperialist.

In case it is still not clear, the point I am making is that feminism, as with gay rights, is a movement whose objective is to democratise capitalism, not to overthrow it. It is only a minority amongst feminists or gay rights activists who draw anti-capitalist conclusions. Indeed it is easier for certain movements to attain their demands than, for example, anti-racists to achieve theirs. Equal pay, in theory, has been conceded, whereas the abolition of immigration controls strikes at the roots of an imperialist society like Britain.

I am well aware of the strike of women at Ford for equal pay in 1968, which led to the Equal Pay Act of 1970. But this had little to do with modern feminism. It is much more difficult for working class women or black people to obtain redress at an employment tribunal than a middle class woman or banker. Anti-discrimination measures are skewed in favour of the least oppressed, highest paid women - precisely those who complain of the glass ceiling. The working class women of Ford were abandoned by their feminist sisters in the movement for women's liberation,

as the latter focused on pornography and consciousness-raising.

Terry also misses my point about the events at Brighton's Gay Pride. In fact, it was the police attack on, and kettling of, Queers Against the Cuts to which I referred. Gay Pride marches have been commercialised and are now sponsored by big business. In Brighton the organisers openly collaborated with the police in seeking to isolate their more radical sisters and brothers. Would Terry have me say nothing about this and pretend that class is not an issue?

I know from personal experience in the 1980s how, when the issue of Zionist feminism raised its head, white feminists expressed their concerns over 'anti-Semitism' rather than the very real racism that Palestinian women experienced. The white women of *Spare Rib*, and feminists like Andrea Dworkin, sided with the Zionists. It was black women who formed papers like *Outrage*, who raised the issue of racism. I can remember one issue of *Labour Briefing* which equated rape with black men. Those of us who expressed solidarity with the Palestinians were attacked by Zionist and socialist feminists inside my own organisation, the Socialist Students Alliance.

The point which Terry comprehensively misunderstood is that the feminist movement consisted of a radicalism that was rapidly moving to the right, drawing in many of those who called themselves socialist feminists. It manifested itself in New Labour and the Harriet Harman's of this world. Ruling class acceptance was more important to these people than solidarity with working class women. In *Briefing* at the time of the miners' strike certain feminists even equated miners' direct action with 'male violence'.

Tony Greenstein
Brighton

Drawing the line

In his comments (Letters, October 11) on my article ('Not part of the left', October 4), Chris Cutrone asserts that, "for good or ill", the 'anti-Germans' must be considered "part of the global left". A strange declaration, seeing as neither the German left nor the hard-core anti-Germans themselves share this view.

As I reported in my article, they operate in accordance with their slogan, "Deny the left and other Nazis the right to exist". Like other ex-communists before them - whether Shachtmanites-turned-neocons or Eurocommunists-turned-Blairites - their journey took them to a place that can no longer be meaningfully described as 'left' by anyone who has eyes to see. As those who remember Jack Straw recommending Lenin's pamphlet, *Leftwing communism*, in a 2004 issue of *The Independent* will readily concede, residue Marxist vocabulary is not unusual among the lapsed and the terminally diseased.

If Cutrone is really prepared to consider any tendency that operates with left imagery or terminology as "part of the global left", then I look forward to reading translations of Russian National Bolshevik Party pamphlets in the pages of *The Platypus Review* - without comment or additional information, of course, so as to facilitate the unprejudiced "conversation" and reinvention of the "dead left". After all, that formation's fantasies of a Eurasian empire under the Russian jackboot are, to use Cutrone's words, "no worse, ideologically, and certainly not practically," than Stephan Grigat's far more reality-based agitation for imperialism war against Iran, with all the social tragedy, political devastation and heaps of corpses it

entails.

But Cutrone's blog, *The Last Marxist*, offers a somewhat less impartial outlook: "Now, we are clearly more sympathetic to the anti-fascist rather than the anti-imperialist 'left'," he observes. "This can be found in our orientations towards the anti-Deutsch and others as our preferred objects of critique - more interesting, in certain respects, as objects of critical engagement, to be redeemed in some way."

Indeed, Cutrone's sympathies for what he calls the "anti-fascist left" are quite clear. What is more, his coding of social-imperialism as "anti-fascist" is a stratagem borrowed from Nick Cohen, whose grouplet of signatories constitutes the bulk of what Platypus members refer to as the "global anti-fascist left" outside Germany. Those people's "anti-fascism" amounts to little more than support for the 'war on terror' and an explicit allegiance to 'democratic' bourgeois rule, with all its anti-democratic 'checks and balances' (see *The Euston manifesto*). It has nothing to do with fascism - unless we extend the definition to any type of 'authoritarianism', including being sent to bed without supper. Nor is it in any way related to the countless international anti-fascist groups, which, despite elevating the threat posed by the far right over all other political concerns, are generally not imperialist-friendly. They would rightly object to being lumped in with the likes of Cohen and Grigat.

I self-critique for failing to mention the Initiative Sozialistisches Forum sect - whose text, 'Communism and Israel', Platypus has also published - in my brief rundown of 'anti-German' history. According to Henning Böke, who was among the early 'anti-Germans', when those were still identifiably part of the left, one must "distinguish the new anti-German current which emerged after 1994 from the anti-German tendency of the early 1990s".

And furthermore "the new anti-Germans [from the ISF] who came after us were radical academics who never had been involved in any social movement ... They constructed the core of new anti-German ideology by rejecting any kind of workers' movement and, even more, any idea of a collective emancipation."

Whether the partial change of personnel really represented a clean break between the old Kommunistischer Bund cadres and the new ISF guard is arguable. Ideologically at least, the latter seems very much a consistent aggravation of the former, with the already discarded proletariat increasingly assuming the role of a transhistorically anti-Semitic bogeyman. The anti-Germans' 'Goodbye to the working class' takes the shape of 'Fuck the left' - a position that is aggressively manifest in their activism, which I have described at length and which Cutrone declined to comment on.

It is worth reading the full text ('Nuanced history of the anti-Germans': <http://contested-terrain.net/nuanced-history-of-the-anti-germans>) to get an idea of the thematic affinities between the ISF current and Platypus. Beside their reconsideration of liberalism as a precondition for progress and their Postonian allergy to any anti-capitalist activism, the anti-Germans consider bourgeois democracy to be the hallmark of 'civilisation' that distinguishes the west from intrinsically 'fascist' peoples such as the Arabs. One may well wonder: if these folks are part of the global left, then where do we draw the line - somewhere to the right of Anders Breivik? As evidenced by Platypus's decision to publish texts from the ISF milieu, it is this "hard-core" current - not the early 90s tendency - that Cutrone wishes to "redeem somehow".

Cutrone does not discriminate between 'anti-imperialist' apologia for reactionary Middle East regimes, on the one hand, and the principled anti-imperialism proposed by campaigns such as Hands Off the People of Iran, on the other. It is obvious that the opposition to imperialism bothers him more than the sugar-coating of tinpot dictators, which is why he wraps 'imperialism' in sniffily inverted commas. Progressive conclusions will not be drawn in "conversation" with the neocon warmongers that Platypus is bringing to the table.

Its policy of publishing 'anti-German' writings while blanking out the context appears like an attempt to make the best of a bad job - a way to create international space for the 'anti-Germans' where there previously wasn't any. Superficially, the presentation of duplicitous Grigat con-jobs alongside a variety of left texts and well-meaning criticisms appears as a quasi-postmodern "dead left" curiosity exhibition, implying that everything is as valid as everything else. But I suspect there is a specific political project behind the disinterested appearance: namely that of advancing positions which deny the historical role of the working class.

In light of this, I am sceptical whether a point-by-point reply in *The Platypus Review* that "directly addresses concerns [arising from the Grigat article] with respect to Iran", as requested by Cutrone, would be a very good idea. We have long argued that, in principle, it is not reprehensible to debate anyone, including fascists - but it is preferable if that does not happen on the opponent's terms. Sometimes, the internet dictum, 'Don't feed the troll', is the correct tactic.

Maciej Zurowski
London

So what?

Dave Gannet points out that the government of Iran appears to be many years away from being able to make a viable nuclear weapon (Letters, October 4). Whilst this is an important point to make, it is also worth asking, so what? What if the Iranians did have a weaponised nuclear device and even a missile capable of delivering it?

In this, purely fictional, situation all that Iran would be able to do would be to bomb either Israel or a US ship in the Gulf. This would be to invite unilaterally assured destruction. Whilst the Iranian leadership may be barbaric, it does not appear to be clinically insane and actively willing its own physical destruction.

In short, the 'issue' of Iran's nuclear weapon is revealed as a well-worn imperialist propaganda fairytale to justify intervention.

Ted Hankin
Nottingham

Undialectical

By way of economising on the number of contributions I inflict on readers of the *Weekly Worker*, I will offer just one observation on Arthur Bough's two most recent letters about the temporal single-system interpretation (TSSI)/rate of profit debate (Letters, September 20 and October 4).

I am impressed by Arthur's stubborn defence of his position on Marx's law of value - he maintains that Marx held this law to have operated across the whole of human history and to be the basis of all modes of production. However, in this case, stubbornness lacks the virtue of clarity - or of being right.

After all, Marx's letter to Kugelmann - in which, to my mind, Marx clearly links the law of value to the emergence of commodity production - was a defence of his treatment of value in volume 1 of *Capital*. In the opening pages of

that work Marx defines value as the unity of use-value and exchange-value. To conceive of *value* existing in the presence of use-values alone - as Arthur does - breaks with Marx's dialectical understanding of value.

Arthur cites Marx's discussion of Robinson Crusoe in *Capital*. If Arthur had read from the beginning of the same chapter, he would have come across an unambiguous statement: "The product of labour is an object of utility [ie, a use-value] in all states of society; but it is only a historically specific epoch of development which presents the labour expended in the production of a useful article as an objective property of that article: ie, as its value. It is only then that the product of labour becomes transformed into a commodity."

And Arthur misreads Marx's *Critique of the Gotha programme* in asserting that value will continue to exist after the overthrow of capitalism: "Within the collective society based on common ownership of the means of production, the producers do not exchange their products; just as little does the labour employed on the products appear here as *the value* of these products, as a material quality possessed by them, since now, in contrast to capitalist society, individual labour no longer exists in an indirect fashion, but directly as a component part of the total labour."

Nick Rogers
Tottenham

Mosquito war

In response to Tony Greenstein on the isolation of the left, let's say that, for now, there's neither prospect of winning/smashing the state nor hope of some simple unity in one party ('There's no success like failure', October 11). However, resistance and promotion of alternatives are still possible.

It is obvious to all that the capitalist state's project is to destroy its welfare sector, even drawing on people's distrustfulness of established institutions to do so. Eradicating the 'welfare state', though, risks a backlash from a network of welfare users (not only benefit claimants, but clients of education and health services) alongside public sector unions and even groups who challenge capitalist priorities from 'outside' cooperatives. It's already happening in Spain and Greece.

This is also the time to work on associating left groups not only with this central struggle, but with freedom and cooperation, avoiding at all costs the splitting and censorious 'lefty' smirking, conservative caricature and popular fears.

We no longer need to pursue *unity* (which feels too much like authoritarianism), but we can establish *connection*, in a modular, united-front movement with no central hub, but one enemy: alienation of our lives and productiveness for debilitating profit. Not storming the centres, but everywhere (and with the use of the web) challenging and subverting capitalist and state imperatives: the war of the mosquito.

Mike Belbin
email

Over, not under

In my article, 'Crazy politics and class forces', I wrote: "It is doubtful whether Ryan's fulsome assurances that his plan will not affect those now under 55 ... will serve to allay suspicions that his attack on the most popular government programme since the New Deal is only the first step in a plan to do away with it altogether?" (October 11).

I meant 'over 55'. Why I wrote the opposite is a mystery to me. A sign of advancing age, perhaps?

Jim Creegan
New York

ACTION

CPGB podcasts

Every Monday we upload a podcast commenting on the current political situation. In addition, the site features voice files of public meetings and other events: <http://cpgb.org.uk/home/podcasts>

London Communist Forum

Sunday October 21: No forum.

Sunday October 28, 5pm: Weekly political report from CPGB Provisional Central Committee, followed by open discussion and *Capital* reading group. Caxton House, 129 St John's Way, London N19. This meeting: Vol 1, chapter 7, section 1, 'The labour process: production of use values'. Organised by CPGB: www.cpgb.org.uk.

Radical Anthropology Group

Tuesday October 23, 6.15pm: 'An introduction to archaeo-astronomy'. Speaker: Fabio Silva. St Martin's Community Centre, 43 Carol Street, London NW1 (two minutes from Camden Town tube). Session cost: £10 waged, £5 low-waged, £3 unwaged. Organised by Radical Anthropology Group: www.radicalanthropologygroup.org.

Socialist theory

Thursday October 18, 6pm: Study group, Social Centre, News from Nowhere, Bold Street, Liverpool L1. 'Marx's vision of communism'. Organised by Socialist Theory Study Group: teachingandlearning4socialism@gmail.com.

Caged in the USA

Thursday October 18, 7pm to 9pm: Film showing and discussion, Karibu Education Centre, 7 Gresham Road, Brixton, London SW9. No extractions. Speakers include Hamja Ahsan (brother of Talha Ahsan), Robert King (ex-Black Panther and one of Angela 3) and journalist Victoria Britain.

More details and pre-registration: www.cageprisoners.com.

Dale Farm anniversary

Friday October 19, 1pm: Mass action, Victoria Station, London SW1. Organised by Traveller Solidarity: travellersolidarity@riseup.net.

A future that works

Saturday October 20, TUC demonstrations

London: Assemble from 11am, Hungerford Bridge, Victoria Embankment, London WC2, for march at 1.30pm to Hyde Park. **Glasgow:** Assemble from 11am, George Square, Glasgow G1, for march to rally at Glasgow Green, Glasgow G40. Organised by TUC: www.afuturethatworks.org.

Europe against austerity

Sunday October 21, 11am to 5pm: International conference, 128 Theobald's Road, London WC1. Organised by Coalition of Resistance: www.coalitionofresistance.org.uk.

The ragged-trousered philanthropists

Sunday October 21 to Wednesday October 24, 7.30pm: Play, Bussey Building, 133 Rye Lane, Peckham, London SE15. Performed by Townsend Productions, Independent Socialist Network: www.independentsocialistnetwork.org.

What next after October 20?

Wednesday October 24, 7pm: Public meeting, University of London Union, Malet Street, London WC1. Organised by National Shop Stewards Network: www.shopstewards.net.

Say no to Gove

Wednesday October 24, 5pm to 8pm: Protest, department for education, Sanctuary Buildings, Great Smith Street, London SW1. Followed by public meeting at 6pm, Central Hall Westminster, Storey's Gate, London SW1. Organised by London NUT: www.teachers.org.uk/node/8189.

Welsh Labour Grassroots

Saturday October 27, 11am to 4pm: AGM, Welsh Institute of Sport, Sophia Gardens, Cardiff CF11. Organised by the Welsh Labour Grassroots: <http://welshlabourgrassroots.blogspot.co.uk>.

No to EDL

Saturday October 27, 11am: Demonstration. Walthamstow, London E17. Organised by Unite Against Fascism: www.uaf.org.uk.

Radical alternative to austerity

Wednesday November 7, 8pm to 9.30pm: Public meeting, Great Hall, old Leyton town hall, Adelaide Road, London E10. With John McDonnell MP and John Cryer MP. Organised by Leyton and Wanstead CLP: 020-8556 5185 (Andrew Lock).

Historical Materialism

Thursday November 8-Sunday November 11: Academic conference. School of Oriental and African Studies, Thornhaugh Street, London WC1. Organised by *Historical Materialism*: www.historicalmaterialism.org.

Labour Representation Committee

Saturday November 10, 10am to 5pm: Annual conference, Conway Hall, Red Lion Square, London WC1. Organised by Labour Representation Committee: <http://l-r-c.org.uk/events/detail/lrc-agm-2012>.

CPGBs will

Remember the CPGB and keep the struggle going. Put our party's name and address, together with the amount you wish to leave, in your will. If you need further help, do not hesitate to contact us.

ECONOMY

Awarded for services rendered

The EU has been given the Nobel Prize, but quite clearly the whole project is in danger of falling apart, writes **Eddie Ford**

Quite Kafkaesquely, last week the European Union bureaucracy was awarded the Nobel Peace Prize for its “advancement of peace and reconciliation, democracy and human rights”. In fact, according to the prize committee’s citation, the European Union represents the realisation of the “fraternity of nations” and its disappearance would see an ominous return to “extremism and nationalism”. Obviously no stranger to hyperbole, Herman Van Rompuy, the president of the European Council, rapturously described the EU as the “biggest peacemaking institution ever created in human history”. You see, the prize proves it. Just look at my halo.

However, the EU’s uniquely peaceful and humanitarian mission came as news to the working class, hammered by wave after wave of austerity. An assault spearheaded by the EC, International Monetary Fund and European Central Bank troika - the dreaded men in black and their cruel demands. Putting the record straight, Panos Skourletis - a spokesperson for Syriza, the Greek Coalition of the Radical Left - explained that what we are experiencing in many parts of Europe “really is a war situation on a daily basis, albeit a war that has not been formally declared”. Greece to date having suffered most from the austerity blitzkrieg. There is, he added, “nothing peaceful about it”.

Of course, the Nobel Peace Prize is an imperialist award system for services rendered. A congratulatory pat on the back for those who have either consistently and loyally served the interests of the core imperialist states or, probably far more importantly, betrayed their former revolutionary politics (and often comrades) and hence have acted to shore up or *stabilise* the imperialist system. So it is extremely unlikely that Van Rompuy will hand over the prize to comrade Skourletis just yet.

But even by the normal hypocritical, and sometimes surreal, standards of the five-member Norwegian committee the decision was an extremely odd one in some respects. Unlike people such as Yasser Arafat, Shimon Peres, Yitzhak Rabin - or, for that matter, Mikhail Gorbachev, Kofi Anan, Aung San Suu Kyi, Jimmy Carter, etc - the Eurocrats almost seem hell-bent on *destabilising* the imperialist system with their plainly suicidal austerity politics and irrational voodoo economics. Far from being a collective bulwark against “extremism and nationalism”, the Brussels bureaucrats - to coin a phrase - are contributing to the potential nationalist break-up of Europe. Catalonia is threatening separation from Spain and Flemish nationalists scored sweeping gains in Belgian local elections on October 14. Scotland too, though currently not part of the euro zone, could possibly split from the UK in the 2014 referendum, as the economic strain starts to become too much for the centre to bear.

Doubtlessly as part of their noble struggle for “peace and reconciliation”, the euro zone leaders - if you excuse the term - have presided over record levels of unemployment, with nearly 18.2 million people out of work. Meaning that the jobless rate across the euro zone now stands at 11.4%, up from the previous 11.3% in July. In the EU as a whole, the figure is 10.5%, with 25.47 million out of work. Now a depressingly common trait,



European Union: a ‘force for peace’

young unemployment is particularly bleak, with 22.8% of young people jobless in the euro zone and 22.7% in the wider EU. As we all know - though occasionally some might want to stick their head back under the duvet - youth unemployment in Greece and Spain has reached catastrophic proportions: 55.4% in the former and 53% in the latter.

Further adding to the misery, euro zone manufacturing put in its worst performance in the three months to September - with factories hit by falling demand despite frantically cutting prices. The PMI Market index came in at 46.1, which means the zone has been shrinking for nearly a year - hence, as the report says, it “seems inevitable that the region will have fallen back into a new recession in the third quarter”. Perhaps even more disturbingly, France’s industrial sector had an extremely bleak September, shrinking at its fastest pace in three and a half years - its PMI index falling to just 42.7 in September, down from 46.0 in August. And a sub-index of new orders slumped to a miserable 39.6.

Nor is Germany, the supposedly mighty economic powerhouse, invulnerable to recession - its services sector contracted quite sharply last month and the Munich-based Ifo Institute’s monthly index of business sentiment (among some 7,000 firms) slid to its lowest level for three and a half years: it fell to 101.4 in September from 102.3 in August, defying general expectations of a slight rise. Also, the “expectations index” dipped to 93.2 from a previous 94.2, well short of a previous forecast of 95.0. In its monthly report, the Bundesbank 11 stated that the domestic economy was “robust” - though as a caveat it noted that there were signs of “weaker dynamics” and “great uncertainty”.

Foreign trade could be hit “more strongly than before” by developments in the euro area, the central bank added, pointing to the labour market - where the rise in employment is slowing, as companies become less willing to hire and invest. Hence unemployment increased for a fifth straight month in August, coming to a seasonally adjusted 2.9 million (the rate remains unchanged at 6.8%).

Overall, German economic growth slowed to 0.3% in the second quarter from 0.5% in the first. On October 17 the German government lowered its forecast for economic growth in 2013 to 1% of GDP from the previous 1.6%.

There was more grim news on October 16. European car sales, inevitably, took a tumble, as the recession bites deep into the pockets of consumers. Sales of new cars across the EU were down 10.8% compared to September 2011, with around 100,000 fewer vehicles being bought. This represents the 12th consecutive monthly drop and the biggest fall in almost two years. Some big-name manufacturers suffered an especially bad month, like Renault - whose sales plunged 32% year on year. Renault, of course, is already locked in a battle with unions over a plan to cut thousands of jobs. Meanwhile, Volkswagen’s sales fell 13.8%, Ford lost 15%, and Opel were down 16%. The data, from the European Automobile Manufacturers Association, also shows how economic demand is massively slumping in Spain - sales down 37%, a quite staggering statistic. Italy is down 26%, France 18% and Germany 11%.

As the *Weekly Worker* predicted right from the beginning of the economic crisis (not that you had to be a genius to work it out), the austerity medicine dished out by the EU leaders could only have the effect of slowly killing the patient - contraction, recession, slump.

U-turn?

But maybe the IMF - or at least its managing director, Christine Lagarde - has had a sudden change of heart. After banking regulators sternly told her that some parts of the financial system were as unsafe as before the 2008 collapse of Lehman Brothers - not exactly the sort of news you want to hear - she declared on October 11 at the IMF’s annual conference in Tokyo that policymakers needed to take “immediate action” to resolve the crisis, which is prolonging “terrifying and unacceptable” levels of unemployment.

Lagarde went on to say that the “economic weakness” was not just a result of “tail risks” such as a euro zone break-up, but the “degree of uncertainty” in many corners of the world - whether it is Europe or America. This is deterring investors from investing and creating jobs: therefore action is needed to “lift the veil of uncertainty”. Stating the obvious, which sometimes has to be done, she said the most urgent action was needed in Europe - the “epicentre” of the global crisis. However, she added that fiscal risks are “becoming

more threatening” in the United States, where the scheduled tax reductions and automatic spending cuts in January - the looming ‘fiscal cliff’ - threatens to “squeeze” the world’s largest economy and “further erode” global growth. Action should be focused on four key areas: completing “stalled” financial sector reforms, establishing “credible medium-term strategies” to deal with government debts, supporting “job-rich growth” to combat unemployment and facing up to the “fundamental issues of global imbalances”.

She also reiterated the apparent softening of the IMF’s position on austerity, saying that governments should no longer single-mindedly pursue “specific debt reduction targets”, but instead focus on general reform of the their economies. If public borrowing rises as a direct result of growth-stimulating measures, she argued that it should be “tolerated” rather than addressed with even more tax rises or further spending cuts - a vicious cycle that now grips Europe. “We don’t think it’s sensible to stick to nominal targets,” Lagarde commented - rather, “it’s much more sensible to apply measures” and “let the stabilisers operate”.

More controversially, even heretically - at least as far as some neoliberal shock-troopers are concerned - the IMF admitted in its world economic outlook report that officials had “underestimated” the effects of austerity measures on economic growth. So it found that for every £1 of spending cuts, the economy shrank by at least £1.30, compared with the previous estimate of 50p - it had got the ‘fiscal multiplier’ wrong. Or screwed up its sums, to put it bluntly. In a nutshell, the fiscal multiplier (Keynesian multiplier, if you prefer) essentially argues that for every adjustment in government spending there is a corresponding change in consumption and national output. The IMF and other fiscal agencies have previously suggested - even though it was an obvious nonsense - that the multiplier effect is relatively low, say between 0.5 to 0.7. Which, practically speaking, if you believe the theory, means that a cut in government spending will generate a much smaller fall in ‘real’ GDP - all other things being equal. That is, private investment and consumption will rise like magic to more than compensate for the original reduction - hey presto, growth. Therefore

governments - consciences salved, thanks to this economic ‘theory’ - can happily get on with axing public spending and raising taxes to reduce the budget deficits and get public debt levels down. No long-term damage will be done: quite the opposite - or so it was claimed.

But, of course, we do not live in the fiscal nirvana envisaged or imagined by the IMF and others. Under really-existing capitalism all things are not equal - not even close, as the IMF’s own economic data for 28 countries from 2009 to 2012 more than convincingly shows. Ugly reality is beginning to intrude. The fiscal multiplier, needless to say, turned out to be much higher - something between 0.9 and 1.7. Austerity and ‘fiscal consolidation’, even under its own twisted terms, is not working. Indeed, unsurprisingly, it is making things far worse - *calamitously* worse.

Time is running out, in other words - but do not panic. In the conclusion to her Tokyo speech, Lagarde urged struggling countries to put a “brake” on austerity, given the economic death spiral we are witnessing in southern Europe. “It is sometimes better to have a bit more time,” she remarked - claiming “this is what we advocated for Portugal, this is what we advocated for Spain and this is what we are advocating for Greece”. Though, naturally, Lagarde insisted that she backed the stance adopted by the IMF’s chief economist, Olivier Blanchard - maintaining the line that it was necessary to “pursue” government spending cuts or risk a “backlash” from international money markets and a subsequent rise in borrowing costs. Unfortunately, quite how you “pursue” spending cuts whilst putting a “brake” on them at the same time was left unexplained.

The IMF’s global financial stability report also contained other warnings, primarily on the dangers of capital flight. Unless EU leaders do something serious soon, European banks’ balance sheets will relentlessly contract - further damaging growth and pushing unemployment beyond its already record highs. The report starkly outlined how capital flight from the euro zone’s periphery to its core, driven by fears of a break-up of the currency union, had sparked “extreme fragmentation” of the euro area’s funding markets - which in turn was causing renewed pressure for banks to shrink their balance sheets, particularly those in countries with profound fiscal woes. Delays in resolving the crisis meant that, unless euro zone officials beefed up their policy response, European banks would simply dump \$2.8 trillion worth of assets - more than 7% of their balance sheets - by the end of next year. Banks in the periphery would shed just short of 10% of their assets.

Businesses would suffer, the report noted, as bond markets proved unable to plug the gap left by banks. The expected amount of bank deleveraging is now higher than forecast in April because of “lower expected earnings”, - even though it was an obvious nonsense - that the multiplier effect is relatively low, say between 0.5 to 0.7. Which, practically speaking, if you believe the theory, means that a cut in government spending will generate a much smaller fall in ‘real’ GDP - all other things being equal. That is, private investment and consumption will rise like magic to more than compensate for the original reduction - hey presto, growth. Therefore

would relieve deleveraging pressures. The additional measures that the IMF recommended included the ability for policymakers to inject capital directly into banks via the European Financial Stability Facility/ European Stability Mechanism bailout funds. Echoing Lagarde’s concerns, the report strongly advised euro zone officials to “speed up” their response to the crisis. Similarly, Mario Draghi, ECB president, testifying at the European parliament on October 9, said capital flight and the financial fragmentation of the euro zone underscored the need for pressing structural reforms - “You can’t have a union when you have certain countries that are permanent creditors and a set of countries that are permanent debtors.” Draghi was adamant that the ECB’s bond-buying plan, ‘outright monetary transactions’ (OMT), was designed to tackle and “overcome” the growing disparity in market interest rates paid by companies in countries such as Spain, compared with those in Germany. OMT will come to the rescue of the euro zone - just be patient. *Very* patient.

Olli Rehn, European commissioner for economic and monetary affairs and the euro, also tried to strike an upbeat note at the 10th Asia-Europe finance ministers’ meeting that took place in Bangkok on October 15. He reassured his audience that the ECB had “shown willingness to take unconventional measures to avert a banking crisis”, and will do so again if necessary. There is “no likelihood” of any country leaving the euro zone - perish the very idea - and the “key message” he conveyed to the anxious ministers was that there is “cause for prudent optimism”. As for the increasingly central question of Spain - too big to fail, because if it did Italy with absolute certainty would go crashing down with it - Rehn said Madrid was “open to considering a bailout request”.

Rehen did confess though that certain “key issues”, principally the tortuous and cruel negotiations over the next tranche of Greek bailout money - essential if the Antonis Samaras-led coalition government is to avoid imminent bankruptcy - would have to wait until “mid-November” (presumably a reference to the November 12 meeting of euro zone finance ministers) to be sorted out properly. Some incurable optimists even hold out hope that the Spanish government will formally request a bailout *before* the October 18 EU summit, thus triggering the ECB’s bond-buying programme and considerably cheering up the still jittery markets.

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Virtual bailout

For the time being anyway, Spain has replaced Greece, Ireland and Portugal as the main centre of attention in the unfolding drama of the euro crisis. The country’s borrowing costs have reached levels deemed unsustainable in the long run, raising the prospect of a second aid programme for Madrid following the €100 billion lifeline it obtained for its banks in June - which helped to push downwards the yields (interest rates) on its government bonds.

Spain, in theory, has enough money to survive a ‘redemption peak’ due at the end of October, when it has to pay back €29.5 billion worth of debt. But eventually it needs as a matter of survival to borrow at lower and more sustainable rates than the level it has been paying over the recent period - ie, about 5.8%-6% for 10-year government paper trades. A Spanish government official bullishly said last week that the treasury was “fully funded” until the end of the year - “we could even stop issuing debt,” he rather fantastically claimed. But January looks challenging, with Spain’s deficit targets more than likely

to be missed, additional funding needs created by dramatically falling tax revenues and increased support to the indebted regions - not to mention a refinancing hump of €19 billion in that month. The situation will not get better through the year, as things stand now, with Spain’s gross debt needs reaching some €207 billion in 2013, compared to €186 billion the year before.

As alluded to above by Olli Rehn, Spain has up to now defied renewed pressure to accept an international bailout from the euro zone, despite the humiliation of having its credit rating cut to near junk status on October 10 by the rating agency, Standard and Poor’s. The latter warned, not without reason, that rising unemployment and harsh austerity measures are likely to “intensify” social unrest and cause further friction between Spain’s central and regional governments - an assessment that we communists find very hard to disagree with. In the words of S&P, the “capacity” of Spain’s political institutions - both domestic and multilateral - to deal with the “severe challenges” posed by the current economic and financial crisis is “declining” and therefore S&P felt compelled to lower Spain’s rating by two notches (to BBB-). Showing that it never rains but it pours, the agency also attached a “negative outlook” to its rating, indicating another possible downgrade in the medium term - especially if Spain’s borrowing costs start to climb again or if debt tops 100% of economic output (or debt payments surpass 10% of general government revenues). So be very careful, Madrid - we’re watching you like a hawk.

However, Spain did get some relief on October 17 when Moody’s surprised many by slightly bucking the trend and deciding not to downgrade Spain to junk status - not that it went for an upgrade either, of course. Pigs never fly in the end, however much you may want them to. On the news, the yield on Spanish 10-year bonds dropped straightaway to 5.54%, the lowest level since April. The agency concluded that Spain and the euro zone as a whole was doing *just enough* to ensure that Madrid can keep borrowing and financing its debts. Moody’s therefore believes that the government can “maintain capital market access at reasonable rates”, though naturally - just to inject a note of sober reality - the threat of a debt restructuring or default will hang over Spain for *years* to come: which is to say, the “risk that some form of burden-sharing will be imposed on bondholders is material for those countries that rely entirely or to a very large extent on official-sector funding for an extended period of time”.

Perhaps the real sting in the tail came later on in the day when a senior Moody’s analyst warned that Spain will be cut to junk status if it loses access to the financial markets and accordingly is forced into a *full-scale* sovereign bailout - a programme “where basically the official sector provides exclusively the funding for all your requirements ... in our view is not compatible with an investment grade, and that would apply in all the cases”. In other words, to translate, a so-called ‘precautionary credit line’ from the ESM would be acceptable if that had the beneficial effect of driving down borrowing costs and maintained Spain’s access to the financial markets. If not, then ...

Prime minister Mariano Rajoy, for eminently understandable reasons, is desperate to avoid having the loathed men in black from the troika pawing over every government ledger and account book - he is unpopular enough as it is. Or at the very least he wants to give the *impression* that he is defying the Brussels bureaucrats and defending Spanish national pride. But almost everyone agrees, whether approvingly or in sorrow,

that it is surely only a matter of time - definitely ‘when’ and not ‘if’ - before Madrid throws in the towel, gives up bluffing, and finally asks for a bailout of some description. Latest reports in the financial press are that Spain will make its request next month, as part of a “revised” loan programme for Greece and a Cyprus rescue that will form part of one big package to shore up the euro zone’s weaker states.

One possibility is that Madrid is considering asking for a credit line from the ESM but then not using it, relying instead on its borrowing costs dropping, once the ECB has begun aggressively buying its debt. One Spanish official called it a “virtual credit line”. What a cunning ruse. In this ideal scenario, Spain would not even take any money from the ‘precautionary’ credit line offered to it, but merely use it to activate ECB intervention so as to push borrowing costs down. That would allow Spain to continue funding its deficit and debt on the markets, as opposed to resorting to ESM funds - pleasing both S&P and Moody’s into the bargain.

Deluded or not, Spanish officials seem to believe that a bailout request of this nature would spark euphoria in the markets - with Madrid’s stock market shooting up by some 15% the following day, and 1.5% immediately knocked off the country’s borrowing costs. That would bring the yield on 10-years bonds down to a manageable 4% or so and, by some estimates, save Spain €9 billion a year (or almost 1% of GDP). Just as importantly, if not more so, a formal/official Spanish request - and its acceptance by euro zone finance ministers - would signal to the markets that the euro was “irreversible”. Here for ever. So stop betting and speculating on a euro break-up, please.

All this raises the obvious question. If the ‘virtual’ or ‘precautionary’ credit line is such a win-win scenario, guaranteed to usher in the golden dawn of Spanish solvency, how come Madrid has not already gone for it like a bull at the gate? We should be reading about it right now on the front pages of every newspaper. Alas, nothing is ever perfect in this life. Spanish officials, like many of us, are haunted by the fear of rejection - that is, a ‘no’ to the request, led by Berlin. This would provoke immediate disaster, they think, with the euro dead in the water by the next morning. RIP. By that same token, however, Germany’s hand could easily be forced if the stakes really are that high. But in this tense game of poker Madrid - as one unnamed government official put it - did not want to take risks with its “atomic bomb” - you can only use it once, after all.

Assault

Meanwhile, the troika continues its relentless assault on the working class - not much sign of the new, compassionate IMF with a human face. Greece still hovers on the brink of bankruptcy and by October 17 negotiations with its international creditors aimed at unlocking the critical €31.5 billion seemed to have broken down yet again.

The breakdown, just one day before the EU summit - never mind, there will be another one along soon - stems from the fragile coalition’s continued failure to endorse further ‘labour reforms’ and wage cuts. Moves that could be the tipping point for near full-on social collapse or mass rebellion by the shell-shocked Greek masses, brought to a state of utter immiseration and despair after more than two years of absolutely savage cuts designed to decimate public provision. A form of economic genocide, in reality. Tensions have been heightened by the overriding sense, doubtless based on reality, that the EC and IMF were putting “unreasonable demands” on the table

at the “11th hour”. Total submission required. Full-spectrum troika dominance. What was that about the EU’s “advancement of peace and reconciliation, democracy and human rights”?

Greek officials - and there is no particular reason not to believe them - claimed the ‘new’ conditions were not part of the deal that Athens signed up to as part of its second €130 billion bailout agreement in March. The latest demands, it appears, include drastically reducing severance pay - to such an extent that one insider to the talks said the labour conditions wanted by the EC/IMF were not unlike “those of the middle ages”. Somewhat lamely, Greek finance minister Yiannis Stournaras acknowledged that various “open issues” remained, but the government would make “counter-proposals” over the next few days. More forthrightly, Fotis Kouvelis, leader of the Democratic Left party within the coalition, denounced the troika’s demands for “galloping recession” - they “exceed the endurance of Greek society”. Evangelos Venizelos, the Pasok leader, angrily accused the troika of “playing with fire and endangering Greece and the EU”. Instead of wishing to conclude the marathon negotiations, he bitterly commented, the troika appear set on “deliberately stalling the talks”. What a wonderful thing the fraternity of nations is.

Not for the first time, nor the last, the spectre of ‘Grexit’ is back - howling in your face. To name one, Anders Borg, the Swedish finance minister, wearily declared that it is “most probable” that Greece will be kicked out of the euro over the coming months - but there is no reason to be too alarmed. The financial markets will not be unduly concerned, having already factored in such a contingency a long time ago. As with the Spanish bailout, Grexit at some point seems all but inevitable.

Of course, next-door Cyprus has been swamped by Greece’s toxic debt - exacerbated tenfold by a massive explosion in June last year at a naval base depot on the southern coast. At a stroke the island lost more than 50% of the national grid’s total electricity supply, which fed into - and deepened - the developing economic crisis.

The truth is that Cyprus is only a stone’s throw away from going bust. Its three largest banks may need more than €8 billion in government aid, equivalent to almost half of the country’s total annual economic output, in order to restore their capital buffers to anything like acceptable levels. By next year, the country’s public debt will exceed 140% of GDP. Making the IMF very unhappy. But Cyprus has been locked out of international capital markets for more than a year and is due to run out of cash by December. Going begging to Moscow and Beijing does not appear to have borne much fruit.

According to most of the financial press, the Cypriot government will seek an €11 billion bailout (62% of GDP) to recapitalise the banks and pay its bills. The country’s president, Demetris Christofias, the Moscow-trained ‘official communist’ and former general secretary of Akel (Progressive Party of Working People), has issued a string of defiant statements towards the troika. Naturally, they want to rein in wages, sell off state assets and slashlike - to do to Cyprus what they have done to Greece, as Christofias correctly fears. At the weekend he promised to defend wage indexation and the so-called ‘13th month’ salary bonus, which the troika says must be scrapped - “I’m certainly ready to take to the streets with the workers,” he vowed. We shall see. In all probability he will concede defeat as soon as the pressure is stepped up - how can tiny Cyprus stand up to the troika?

As for Portugal, it is following Greece and perhaps Spain down the path of economic suicide - lemmings of the world, unite. On October 16 the centre-right government coalition government headed by Pedro Passos Coelho unveiled a vicious austerity budget, introducing further cuts as demanded by the troika in return for its €78 billion bailout package. Hence the budget deficit, if things go according to diabolical plan, will be reduced by 4.5% by next year as part of the effort to get it below the EU target of 3% of GDP - at the expense of the workers. There will be a one-off 4% surcharge tax on all workers’ earnings, while capital gains tax will increase from 25% to 28%. Overall, spending cuts worth €2.7 billion will be enacted next year - which will involve laying off 2% of the country’s 600,000 public employees.

This at a time when the country is currently experiencing its worst recession since the 1970s, with the unemployment rate above 15% and predicted to rise to 16.4% next year. The government’s own figures suggest that the economy will shrink by at least 3% this year and by 1% or more next year. More austerity? Pure madness.

The Portuguese Socialist Party branded the budget a “fiscal atomic bomb” - that phrase again - and some 2,000 angry protestors gathered outside parliament, as the budget was announced. In September, the government was forced to abandon its scheme to raise social security contributions in 2013 from 11% to 18% when the protests seriously escalated. Now, a general strike is planned for November 14. Vitor Gaspar, the finance minister, was unrepentant - the government had “no room for manoeuvre”, he said. The troika would not budge, whatever Christine Lagarde might now be saying. The alternative, in the view of Gaspar - like asking for more time to pay - would have led Portugal to a “dictatorship of debt and to failure”.

Then there is France, now suffering under an austerity regime. On September 28, François Hollande unleashed what he himself described as the “harshes budget in 30 years” in an “unprecedented effort” to find €36.9 billion in savings - blink for a minute and you could almost be listening to Nicolas Sarkozy. Hollande and the prime minister, Jean-Marc Ayrault, jointly declared that their “combat” budget seeks to reduce the deficit by around 4.5% of GDP for this year.

They hope to raise two-thirds of the savings through extra taxes, split evenly between households and large companies, plus more than €10 billion in public spending cuts. The burden between taxes and spending cuts would be shared 50-50 from 2014, the government said. The stand-out measure was a new 75% tax rate on people earning more than €1 million a year. However, this is expected to hit only 2,000 taxpayers - so does not amount to much more than populist ‘rich-bashing’. A new 45% income tax band is to be introduced for those earning more than €150,000 a year. Some French voters might feel cheated - left and right.

The fear, of course, is that a fiscal shock in 2013 - hardly an impossibility - will tip the economy into a sharp downward slide. Like the other European countries, France needs extra fiscal austerity like it needs a hole in the head. The country has next to no chance of meeting its growth target of 0.8% for next year, but the real danger comes from contagion if things turn really ugly in Spain or elsewhere. At the beginning of October tens of thousands of leftwing demonstrators took to the streets of Paris to denounce the new austerity measures - chanting “Resistance!” Things are really beginning to hot up ●

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KEYNESIANISM

The great saviour and his leftwinger converts

Capitalism is in terminal decline. So why, asks **Jack Conrad**, do so many on the left advocate not socialism, but increased government spending, deficit financing and Keynesian solutions?

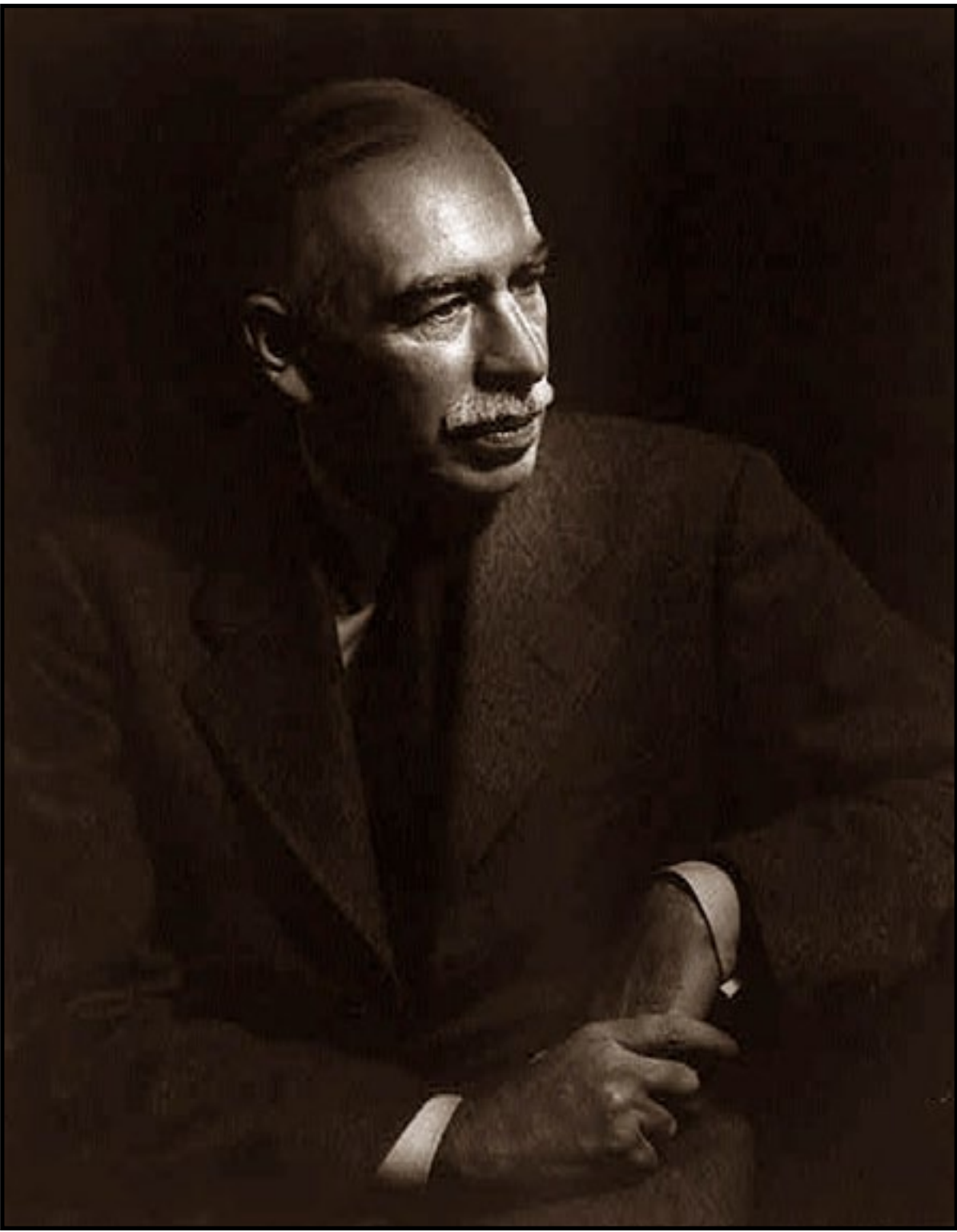
Before he carried the heavy responsibility of serving as shadow chancellor, Ed Balls “cast himself as a latter-day John Maynard Keynes”.¹ The TUC’s industrial investment, job creation and VAT-cutting alternative budget proposals are quintessentially Keynesian.² The same goes for the demands of the People’s Charter, promoted by the *Morning Star* and supported by Aslef, RMT, FBU, GMB, Unite, PCS, NUT and a range of other trade unions.³ The assumptions, proposals and expectations of many other organisations, campaigns and individuals on the left are either explicitly or implicitly Keynesian too: Labour Representation Committee, Left Economics Advisory Panel, George Galloway, Caroline Lucas, Gregor Gall, Andrew Fisher, Owen Jones, Green New Deal, etc. All call for deficit financing as a means of slashing unemployment and putting the country back onto the high road to economic growth, as mapped out by the “great saviour” (Robert Skidelsky).⁴

So let us take a look at Keynes, the man, and the ‘ism’ linked to his name. Born into a well-read, middle class family, he went from Eton to Cambridge, and then, after a short stint at the India office, he pursued a brilliant career: sometime academic, sometime government advisor, sometime sage. Cultured, bisexual, confident, intellectually gifted, he mixed easily with the high bourgeoisie. Soon he was part of the inner circle of the British ruling class. Always an elitist, he spoke strongly in favour of eugenics. Against the “boorish proletariat” he upheld the white “educated bourgeoisie”.⁵ And Keynes did great things for his adopted class. He was one of the leading architects of the Bretton Woods international monetary system: in many ways it embodied his political economy. Ennobled, in reward for services rendered, Keynes joined the Liberal benches in the House of Lords. When he died in 1946, he was mourned by the entire political, business and academic establishment.

Needless to say, Keynes was no socialist. He upheld a boundless optimism about technology, capital accumulation and expert knowledge. With the right men at the helm, all problems could be solved *within* capitalism. He contemptuously dismissed the writings of Karl Marx. Eg, *Capital* was an “obsolete economic textbook”. The “decent, educated, intelligent son of western Europe” will reject it out of hand unless “he has first suffered some strange and horrid process of conversion which has changed his values”.⁶

Keynes produced a string of influential studies: *The economic consequences of the peace* (1919), *A tract on monetary reform* (1923), *The end of laissez-faire* (1926), *Treatise on money* (1930). But the most important by far was *The general theory of employment, interest and money* (1936). This book, his *magnum opus*, was published during the tail end of the great depression. Because of it he has been credited with ushering in a “revolution” in economic thought.

Keynes, and a growing band of co-thinkers, challenged so-called “classical economics”: eg, Say’s law and the notion that markets are self-adjusting and supply will create its own demand. According to the standard *laissez-faire* doctrine, unemployment had one cause - wages



John Maynard Keynes: no friend of the ‘boorish proletariat’

were too high. The remedy was obvious: force through pay cuts. Such an outlook suited capitalism in its heyday. While capitalism expanded, it needed nothing more than crude apologetics that ‘naturalised’ market forces.

However, subsequent events tore to shreds all notions of the self-regulating market. World War I necessitated massive state intervention. Government dictates substituted for market-determined allocation - and not only in war industries. Each belligerent country ran up enormous debts in order to sustain its killing machine. In the 1920s the orthodox economic mantra was paying off accumulated debts and balancing budgets. The intention was to return the system to the halcyon days of the 19th century. However, the result was abject failure. The victory of Henry Ford over Karl Marx proved to be the “shortest-lived utopia on the historical record”.

The 1929 crash was a defining moment in world history. Shares suddenly became worthless. Unemployment soared. Prices sunk. Fortunes vanished. The great depression that followed widely discredited Say’s law, along with the fallacious theory of ‘marginal

utility’ (ignoring social and historical factors, marginal utility insists on taking individuals and their atomised decisions as its starting point). With millions added to the dole queues, the assumption that unemployment could only be “voluntary” or “frictional” stood exposed for what it was - the ideological outlook of the *complacent* bourgeois. Keynes readily acknowledged the existence of “involuntary” unemployment.⁸

Meanwhile, with much fanfare, Stalin and the Soviet Union launched the first five-year plan. Almost overnight unemployment was abolished and, despite the widely acknowledged brutal measures, the USSR appeared to be on the high road to industrialisation, prosperity and a “new civilisation”.⁹

While mainstream opinion in Britain, including big business and the treasury, initially derided the result was abject failure. The victory of Henry Ford over Karl Marx proved to be the “shortest-lived utopia on the historical record”.

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it is probably the case that Keynes developed his theory *ex post facto* - the Stalinite counterrevolutionary revolution doubtless provided him with an example of what could be done through the concentrated application of state power).

Orthodoxy

So how did Keynes propose to lift capitalism out of crisis? Crudely put, to save the system governments ought to greatly extend their remit and purchase extra goods and services (paid for by printing money or issuing bonds and other forms of borrowing). Eg, arms spending, which soaks up unemployment, puts to use otherwise idle plant and thereby boosts aggregate demand. According to Keynes, that would produce a “multiplier effect” (the ratio between extra government spending and the expansion of GNP - the concept was introduced into bourgeois economics by Richard F Kuhn in 1931).¹¹

Higher levels of employment mean more in the way of private income within the system in the form of wages. That in turn augments tax returns for the government and simultaneously expands the “effective demand” for the means of consumption. Profits are revived

and that too generates augmented tax returns. Flush with its additional taxes, the government can then pay off debts.¹² Deficit financing therefore seemingly constitutes a virtuous circle, which, if dutifully followed, supposedly eliminates, or at least substantially ameliorates, the negative effects of capitalism’s periodic economic downturns.

Keynesianism became the orthodox theory within the core capitalist countries from the 1940s till the mid-1970s. Not surprisingly Keynesianism was closely associated with the post-World War II social democratic settlement, economic growth and the expansion of the welfare state. Almost without exception the contending fractions of the ruling class accepted that capitalism boomed more or less uninterruptedly following World War II because of the innovative managerial tools provided by Keynes.

The status of economists rose and rose accordingly. With their mathematical models, impressively long formulas, graphs and number-crunching, they were lauded as the equivalents of nuclear physicists. The economy was seen as a machine - typically a car. It did not matter whether the government was Labour or Tory. As long as ministers listened to the experts, and therefore pressed on the appropriate fiscal accelerator, or touched the right monetary brake, the economy would be kept on a steady path and full employment could be guaranteed.

Whether Keynesianism was responsible for the long boom is doubtful, to say the least. Nowadays, of course, bourgeois politicians, economists and historians alike have considerable reservations about Keynesianism. Marxists - authentic Marxists, that is - would first and foremost look to the horrendous destruction of capital in Europe and Japan during World War II and after that the replacement of British by American hegemony. That surely explains the 25 years of economic growth, not the “technical tricks” of Keynes.¹³

Anyway, one thing is sure: after 1945 Keynesianism triumphed as an *ideology*. It became common sense that the misery of unemployment, chronic economic depression, grinding poverty and violent class conflict of the 1930s had been banished forever. Hence it was claimed with supreme self-confidence - and it was widely believed - that Marxism had lost all relevance.

All very well for the last half of the 19th century; utterly irrelevant for the second half of the 20th. To suggest otherwise was to guarantee condescending laughter (I well remember). Indeed capitalism was either deemed to be crisis-free or it was no longer capitalism. Amongst the bourgeois intelligentsia the talk was of the universalisation of modern, industrial or technocratic society: according to the wishful thinking of John Kenneth Galbraith, a disciple of Keynes, the “ostensibly” different systems of the Soviet Union and the United States were converging.¹⁴

And, with uninterrupted economic growth, material shortages, gross income inequality and the conflict between labour and capital would soon be consigned to the pages of history. Despite the imminent future being repeatedly delayed, the promise remained. The world was about to enter the realms of unheard of abundance; from then on, thanks

to Keynesian economics, the only remaining problem would be what to do with our ever-growing leisure time. Or so we were told.

Such technocratic ideas were enthusiastically adopted by rightwing Labourism. Thirty-five years before Tony Blair and New Labour, Hugh Gaitskell - leader of the Labour Party from 1955 to 1963 - attempted to rid himself of the old clause four in the name of “classless” common sense, modernism and political wisdom.¹⁵ Though he humiliatingly failed, in 1960 the Labour Party conference agreed to support the so-called “mixed economy” - albeit through a procedural trick.¹⁶

The dominance of Keynesianism impacted on the left too. For the gullible advocates of peaceful coexistence, for the programmatically impatient, for those spellbound by technology, the ongoing economic boom seemed to confound the predictions of Marx and the pre-World War II Marxists that capitalism was undergoing its “death agony” (as Leon Trotsky confidently wrote in 1938).¹⁷ Through state intervention capitalism had apparently overcome all its main economic contradictions. Dogmatists preserved what they saw as the revolutionary faith by the simple device of closing their eyes to the inconvenient truth. The ‘boom’ was put in quote marks or, if admitted at all, was dismissed as fleeting. That was the position maintained by Ernest Mandel in 1947.¹⁸ Needless to say, he was not alone.

However, others - the overt opportunists, the revisionists - slowly or quickly, reluctantly or eagerly, were drawn to Keynesian ideas. Keynes had shown how, left to its own devices, capitalism produced a recurring tendency towards chronic instability and devastating crises. But, if Keynes had provided the tools needed to stabilise capitalism, could not those same tools be used to go beyond capitalism? For this reason, if no other, the economics of Keynes have been flatteringly compared with the objective-idealist philosophy of Georg Hegel. Keynes was a thorough-going bourgeois and a loyal servant of British imperialism. But through a leftist “interpretation” Keynesianism could perhaps realise anti-capitalist goals.¹⁹ The pro-Stalinist economist, Joan Robinson (1903-83), was the outstanding theorist of leftwing Keynesianism.

In fact what the AES proposed was the election of a reformist left government committed to the democratisation of industrial relations, widespread nationalisation and a large-scale investment programme. Such measures, its advocates promised, would “regenerate Britain” - crucially by stimulating aggregate demand.

In the real world, the AES would necessitate, of course, imposing draconian protectionist measures, such as import controls, and “leaving” what was then the European Economic Community. In other words, the AES was a reformist utopia, which, if put into practice, could only but end in banal disappointment - that or social disaster: ie, the flight of capital, national isolation, population exodus and social regression.

Buffers

Suffice to say, Keynesianism hit the buffers in the late 1960s. One of the unintended consequences of Keynesianism was a decline in the role of money (fundamental to capitalism). Furthermore, because of full employment, social security benefits, council housing, the national health service, etc, the system’s ability to discipline the working class through what Marx called “commodity fetishism” was reduced. Hence we can say that Keynesianism is a means whereby capitalism manages its own long-term decline through increasing the role of organisation, as against the role of the market. Markets, including the market in labour-power, are retained, but are thoroughly bureaucratised.

Under such circumstances, internal contradictions mount up. Economics is politicised and objectively the power of the working class grows at the expense of capital. Profit and growth rates begin to fall (in no small part because of the organisation and

militancy of trade union power).²⁰ Certainly in the 1970s, faced with a loss of control, the bourgeoisie pulled the plug on full employment in order to restore discipline over the working class. With the system visibly malfunctioning, the ruling class, crucially in the Anglo-Saxon world, broke with Keynesianism, downgraded productive capital and sought salvation in financialisation. Inflation was allowed to run hand in hand with the return of mass unemployment (an impossible combination, according to Keynesian theory).

A new bourgeois orthodoxy was put in place. Out went Keynesianism and the social democratic settlement. In came monetarism, neoliberalism, Milton Friedman, the Chicago school and Thatcherism. Paradoxically, however, it was sections of the left, including those who called themselves Marxists, who doggedly clung to Keynesianism.

Almost by sleight of hand, ‘official communism’ went over to Keynesianism in the 1970s. As the long boom of the 1950 and 60s retreated into memory, Keynesianism became the model for the future. In close collaboration with left Labourite allies the old CPGB conceived, developed and finally gave birth to the Alternative Economic Strategy. The AES was a classic example of Keynesian-inspired nationalist reformism, which, given the needs of the times, had on occasion to be dressed up as a “revolutionary strategy”. Eg, the Eurocommunist, Sam Aaronovitch (1919-98), excused the AES because he claimed it was designed to “advance towards fundamental change in the class and property relationships in society”.²¹

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Showing how far they have lost their bearings, we now hear similar left-Keynesian nonsense spouted by individuals and organisations who call themselves revolutionary Marxists. Hence we have Alex Callinicos, abusing his considerable talents in order to fend off criticisms of the Socialist Workers Party in Ireland (amongst others). Its People Before Profit Alliance electoral front proudly issued an “Alternative Economic Agenda” in April 2009.²² While some of its demands are eminently supportable, democracy, state power and the aim of socialism are noticeably absent.

Nevertheless, the AEA considerably overlaps with the old AES. Callinicos is honest enough to admit as much. However, he says, those who want to “dismiss” it on such grounds “ignore the radically different context from that of the 1970s” - the comrade cites “deregulation” and the

“devastating economic slump”. Which is just to say that the 2010s are not the 1970s. Recognising the weakness of that non-argument, Callinicos latches onto the claims of his youth: the old AES was “a reformist attempt to rescue capitalism”. True - not that the ‘official communists’ ever openly admitted any such thing.

The last resort of the renegade is to invoke “transitional demands”, as “understood by the early Communist International and by Trotsky”. Then, almost by magic, “everything changes”: and that, of course, is exactly what Callinicos does.²³ Yet Keynesianism remains Keynesianism, whether advocated by the Nazis, Fabians or fake Marxists.

Surely letting the cat out of the bag, Callinicos’s Irish comrades write that they wish to “prevent the bulk of the pain of the economic crisis falling onto the shoulders of the working class”. Moreover, their AEA enviously looks to the “stimulus packages” in “the US and some EU countries”, which are designed to “revive their economy”.²⁴ Ireland, they argued, should follow suit.

Austerity

True, in 2008 and 2009 the financial system was bailed out in Keynesian fashion. George W Bush twinned himself with Gordon Brown. The US congress agreed a \$700 billion package to purchase bad debts and recapitalise the financial sector. Britain too poured in government money. Banks and insurance companies were nationalised or partial-nationalised one after the other (eg, the Royal Bank of Scotland and Lloyds TSB, and in America Goldman Sachs and Citigroup). Chrysler and General Motors were also rescued from bankruptcy.

The mainstream media, not least the conservative right, was full of laughable accusations that Bush had gone over to “socialism”. Thoroughly enjoying the humiliating ideological U-turn, Hugo Chávez ironically called him “comrade”. The Venezuelan president mockingly announced that “Bush is to the left of me now”.²⁵

However, there was a grain of truth in the media accusations. Across the world, but especially in North American and Europe, the huge losses suffered in 2008-09 - at least for those concerns deemed ‘too big to fail’ - were socialised. The total sums involved go into the Strillions. Hence the subprime, banking and insurance crisis metamorphosed into the sovereign debt crisis.

Though borrowing, as a proportion of GDP, is perfectly manageable, at least for the core capitalist countries, and far from being unprecedented historically - eg, the 1940s and 50s saw comparable debt levels - a suffocating consensus has emerged. There is no alternative. Debts must be reduced as soon as possible through swingeing cuts in government spending programmes. So it is back to the future.

George Osborne’s ‘age of austerity’ involves a savage package of cuts. Benefits, higher education, local government, etc are being butchered. Simultaneously, taxation levels, retirement ages and pension contributions are being ratcheted up. There has been nothing comparable since the ‘Geddes axe’ of the early 1920s. The then coalition government of prime minister David Lloyd George was determined to drive down the debt inherited from World War I. Eric Geddes and his committee

duly obliged by recommending cuts totalling £87 million - about 10% of the country’s entire GDP at the time. That translated into a 35% reduction in the number of civil servants and the abolition of entire government departments, including “labour, mines and transport”.²⁶ As we now know, the result could only but be a negative ‘multiplier effect’. The early 1920s produced not a ‘land fit for heroes’, but wage cuts, bitter class struggles and economic failure.

Revealingly Osborne’s Con-Lib Dem austerity programme was welcomed by the Confederation of British Industry, International Monetary Fund, Bank of England, etc. Not that Labour was much different. While Ed Miliband made much of the so-called ‘squeeze middle’ and how plan A is not working, he too is committed to austerity. As he told the TUC congress in Brighton, Labour will neither reverse the cuts nor end the public sector pay freeze.

And this austerity consensus now includes *everywhere* in the EU. Take France - during the presidential election campaign François Hollande sought to give the impression that he was the “anti-austerity” candidate.²⁷ And yet, now safely ensconced in the Elysée Palace, his government is committed to implementing the EU’s fiscal pact, though it amounts to a “permanent austerity treaty”. Meanwhile Hollande is trying to persuade unions to agree to reduced employment rights and wage cuts in line with business lobbying. And, of course, Germany’s chancellor, Angela Merkel, is insisting that Portugal, Ireland, Greece and Spain - “peripheral” members of the euro zone - impose ever harsher austerity measures.²⁸ What goes for the ‘pigs’ now, of course, goes for Italy. The *raison d’être* of the technocratic government of Mario Monti is cutting the country’s deficit, imposing cuts and rolling back the social gains of the working class.

What of the US? Barack Obama is now committed to \$4,000 billion of cuts over the next 10 years. Inevitably Medicare, Medicaid and social security will be butchered. In other words, Obama’s soft Keynesianism, inherited from Bush - and so admired by the Irish SWP - has been ditched. And, of course, Mitt Romney is promising more cuts ... and faster.

How to explain the austerity consensus? There are two main factors at play.

Firstly, the financial crisis of 2008-09 proved to be a stunning shock for the ruling class. For a moment they collectively looked into the abyss. The general assessment is that the core capitalist countries now face an indefinite future of anaemic growth or stagnation. The crisis has not only been a blow to long-term expectations of capital accumulation. Neoliberalism is a busted flush. As an ideology it no longer works. However, the crisis was greeted in certain quarters as a golden opportunity to further roll back the post-World War II social settlement. In certain quarters the madcap dream is of restoring a pristine capitalism. Nevertheless, working class living standards - the share labour takes from the social product - can be screwed down. Not only wages paid by employers, but the social wage too. Necessarily that means constant, unremitting attacks on negotiated terms and conditions and ever more authoritarian measures.

In short, the rate of exploitation is to be ratcheted up under the patriotic

rubric of balancing the nation’s books.

Secondly, the capitalist class is increasingly irrational. Its leading sections are acting in a way that not only hurts the majority of the population, but also runs counter to their own interests. Galbraith once remarked that, “whether a government [faced with the reality of a depression] shall be Keynesian or not ... comes to nothing more or less than the choice of whether or not to commit political suicide”.²⁹ A worry clearly shared by the noted *Financial Times* columnist, Martin Wolf. He darkly warns of the “risk” of the “mother of all meltdowns”.³⁰ In the determination to exploit the debt crisis there is not only the danger of the cuts and stagnation tipping over into a crash. There is also the danger of a social explosion. Greece, Portugal, Spain, Italy and France have all seen many angry mass demonstrations, leftwing votes and protest general strikes. Only a hint of the change that is going to come.

The Marxist perspective - extreme democracy, rebuilding the basic organisations of the working class from the top to bottom, Europe-wide coordination, establishing a Communist Party of the EU and sweeping away what is a moribund capitalism on a global scale - is bound to become common sense amongst all advanced workers within the next 10 or 20 years.

Circumstances point not towards the illusory national solution of Keynesianism, but global communism. The bourgeoisie has abandoned managing capitalism’s decline in a relatively civilised manner. As a class it remembers the 1940s-70s and is agreed - never again. Do they really want to ‘commit political suicide’? It seems so ●

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IRAN

Sanctions mean war on the people

Hands Off the People of Iran remains true to its slogan, ‘No to imperialism, no to the Islamic regime’. **Yassamine Mather** describes the devastation and hunger inflicted on Iranians

If you want to find out what economic chaos looks like, forget about Athens or Madrid: Tehran is the capital to study.

In 2009-10 there were already signs of a serious economic crisis in Iran - low wages, mass unemployment, spiralling inflation, all helped along by privatisation. That was when we saw mass protests against fraudulent elections results, dictatorship and repression. Those demonstrations were suppressed and a number of factors, including the threat of war and the reformism of the self-appointed leaders of the green movement, contributed to the defeat of the protests.

Since then Iran has not been much in the news - until the protests of early October, when angry crowds took to the streets of Tehran. Sanctions have crippled the country to such an extent that for most Iranians day-to-day life is becoming impossible. It is true that not a single shot has been fired, but sanctions are indeed a form of warfare, imposing hunger and destitution on the population. And if the US presidential race remains close in these last days before the poll, the Obama administration could yet consider a military strike.

Of course, Iran's economy is not crippled just because of sanctions. Decades of obedience to the International Monetary Fund have left the country with a privatised, corruption-riven economy. The gap between rich and poor is wider than at any time in living memory. Food and fuel subsidies have been abolished by Islamic clerics - to the applause of the IMF and World Bank. In other words, even without sanctions Iran would have had all the features of a third-world capitalist country suffering from the effects of the global economic crisis. But sanctions have made life so intolerable that people will tell you that hunger and poverty, combined with this constant fear of military conflict, is worse than war itself.

Sanctions

The first sanctions against Iran were imposed in 1979. However, Tehran was able to circumvent the worst of their effects until 2006, when measures relating to Iran's nuclear industry were introduced, to be followed by further UN resolutions between 2007 and 2010. But the situation was transformed with the new wave of sanctions that started in January this year, when the United States and European Union took steps to ensure Iran could not sell its oil overseas and imposed restrictions on all Iranian banks and financial institutions. In the first few months of 2012 the Islamic government deluded itself that these were short-term steps and therefore spent its reserves of foreign currency in order to maintain the value of the Iranian rial. However, as the new sanctions began to bite, in the face of US and Israeli military threats, the exchange rate plummeted.

A series of United Nations-backed measures reduced the country's oil exports from 2.5 million barrels a day to 1.5 million in early 2012. Major shipping companies now refuse to send their tankers to Iranian ports, in fear of the severe fines imposed on sanction-busters. Any international bank doing business in Iran is now deprived access to the US market and unsurprisingly most financial institutions have ended their dealings with Tehran as a result. In July new EU sanctions banned oil imports from



Rial: declined 75% against the dollar

Iran entirely. Europe was purchasing 20% of Iranian exports - hence the devastating effect on the Iranian rial.

In early October the currency lost 75% of its value against the dollar, and the rate of inflation is now so high that many shops are refusing to sell goods, as they know prices will rise from one hour to the next and what they receive in sales today could be worthless tomorrow. In Ferdowsi Square, where most major currency exchange dealers work, some have hung signs saying, “Dollars not bought or exchanged” in protest against the government's plans to set a fixed rate for the rial.

Wary of riots in response to food shortages, the Iranian government has announced a classification of imports into 10 categories, based on how essential they are. Importers of essential goods will be able to buy dollars at a subsidised rate, while

importers of goods classified as non-essential will have to pay hand over fist to obtain dollars.¹ However, a thriving black market in luxury goods - including those dubbed ‘unIslamic’ - has characterised the 33-year rule of Tehran's corrupt, religious, capitalist regime and few expect this to change. Prices for staple foods, such as milk, bread, rice, yogurt and vegetables, have doubled since the beginning of the year. Chicken, the cheapest meat, is so scarce that every time supplies become available there are long queues and sometimes riots. Unemployment is thought to be around three times higher than the official rate of 12%, and millions of unskilled factory workers are on wages well below the official poverty line of 10 million rials (about \$250) a month.

On October 12 yet another set of sanctions was finalised by EU foreign ministers in Luxembourg. The aim was to “further restrict Iran's ability to move money around efficiently - a step to aggravate the current financial crisis of the Iranian regime inside the country”.² A number of international airlines responded by stopping their flights to Tehran. The message conveyed by this relentless pressure is clear: you are under siege, and you are isolated. It is a form of psychological warfare - not just against Iran's rulers, but against the population. According to Mark Dubowitz,

executive director of the Foundation for Defense of Democracies and a proponent of still tougher measures, “repetition is the key to success of message-penetration”.³

Throughout the last few years supporters of sanctions have told us they are not directed at the Iranian people. No, they are ‘targeted’ sanctions, aimed only at the regime. Nothing could be further from the truth. First of all, senior clerics and military generals have been the main beneficiaries of privatisation and, as a result, they own a considerable chunk of Iran's economy. The rest, including whatever is left of public services, is dependent on state funds, which are squeezed further by sanctions. As for the fortunes of senior clerics and their offsprings, it is safe to say little of it remains inside Iran - by 2007 they were already ensuring that their personal wealth had left the country for the safety of foreign banks. The main victims of sanctions have been the mass of the people - including workers made redundant, as senior ayatollahs and leaders of the Pasdaran Revolutionary Guards have closed down their businesses and moved their money into Swiss bank accounts. Iran's car industry has shed almost half of its workforce and oil workers have also lost their jobs, as oil exports have gone into free fall.

Effects

Launching our anti-sanctions campaign in 2009, Hands Off the People of Iran declared: “The current proposals of the US government to enforce sanctions on Iran's oil industry would unquestionably cause chaos for a society depending on oil for its national income. They are also a disaster for the cause of democracy because they limit working class struggle.

“Radical democratic change in Iran (and indeed in the imperialist countries such as the US and UK) can only come from below. It cannot be gifted by the likes of [green leader Mir-Hossein] Mousavi, or imposed by the imperialists. Not that either would wish to see such change. We have to aid such advances through promoting working class internationalism - the core politics that Hopi implacably stands for.”⁴

However, the effects of current sanctions are far worse than we predicted in 2009. There is a serious shortage of drugs affecting both the rich and the poor. Tehran residents report long queues of poorer sections of the population outside chemists in more affluent suburbs trying to sell their prescriptions so that they can buy food for their families. Hospital notice boards are full of adverts for the sale of kidneys and other organs - a new method of raising funds.

Government employees have not been paid their full salaries for many months. Many make ends meet by selling their household goods, such as furniture. And, although unemployment is affecting every section of the working class, women have been amongst the first to lose their jobs and therefore any degree of independence in a patriarchal society. Government statistics show female unemployment to be around 43%. There are reports of an unprecedented rise in casual prostitution, while social workers have raised concerns about an increase in the level of reported violence against women and young girls, as economic hardship affects family relations.

It is no accident that the latest sanctions have coincided with concerted efforts by the US/EU to finance and organise the most reactionary forces aiming to benefit from the economic chaos. The son of the shah is being promoted *ad nauseam* in US-funded TV stations broadcasting to Iran, while the People's Mujahedin (MEK) have been removed from the US ‘terrorist’ list, so that they can take their place among the ‘patriotic forces’ being groomed to replace the Islamic regime.

Similarly, naive and opportunist sections of the left have rushed to join forces with ‘human rights’ organisations sponsored by the US-funded National Endowment for Democracy in the anti-regime, pro-western Iran Tribunal, and there are attempts to lure the discredited ‘leaders’ of the green movement into this unholy alliance. In the meantime labour activists languish in Iranian prisons, and those attempting to set up independent workers’ organisations are in constant danger of arrest, imprisonment and worse.

Hopi's principled opposition to the Iran Tribunal is not because we are soft on the Islamic republic, as our opponents have alleged. On the contrary, we are committed to the revolutionary overthrow of the Islamic regime and all its factions. However, we believe alliances pretending to pursue a ‘non-political’, ‘human rights’ (read rightwing, pro-imperialist) agenda are a serious threat to the future of the revolutionary movement of workers in Iran. Those sections of the left who cannot see (or who pretend they cannot see) the serious risks posed by their collaboration with those involved in regime change from above, such as the Iran Tribunal, will become mere pawns in a game where the winner is international capital (and that inevitably includes Iranian capital) ●

Given the level of economic hardship, working class actions have been few and far between - workers are forced to take on second or even third jobs to pay their extortionate rents and are forced to spend hours in queues to feed their families. However, this month has seen a number of workers’ protests. A petition addressed to Iran's minister of labour has been secretly circulating among factories and workshops. By mid-October some 20,000 workers had signed the document, pointing out that wages agreed in March have lost half of their value - rent and food prices have doubled, and working class families cannot survive.

Meanwhile, 600 metal workers held protests outside the ministry on October 13 and managed to close one of the capital's busiest streets for almost an hour. This was followed the next day by another demonstration outside the offices of Tehran's provincial governor. Earlier, on October 10, hundreds of bus drivers

from Tehran and the provinces had protested for four and a half hours outside Tehran's main municipality offices. These drivers have not received the 10% pay rise promised to all city employees.

Support

These are the kinds of actions we should support. We in Hopi are true to our slogan, ‘No to imperialism war and sanctions, no to the clerical regime’. Today, at a time when sanctions have become an important weapon in imperialism's arsenal, at a time when they are supposed to pave the way for the downfall of the regime, as the population becomes desperate, we must reiterate our opposition to ‘regime change from above’. In the absence of a movement from below, sanctions will produce one of two outcomes: either the regime will survive, becoming even more repressive; or it will be replaced by the US's chosen coalition.

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Similarly, naive and opportunist sections of the left have rushed to join forces with ‘human rights’ organisations sponsored by the US-funded National Endowment for Democracy in the anti-regime, pro-western Iran Tribunal, and there are attempts to lure the discredited ‘leaders’ of the green movement into this unholy alliance. In the meantime labour activists languish in Iranian prisons, and those attempting to set up independent workers’ organisations are in constant danger of arrest, imprisonment and worse.

Hopi's principled opposition to the Iran Tribunal is not because we are soft on the Islamic republic, as our opponents have alleged. On the contrary, we are committed to the revolutionary overthrow of the Islamic regime and all its factions. However, we believe alliances pretending to pursue a ‘non-political’, ‘human rights’ (read rightwing, pro-imperialist) agenda are a serious threat to the future of the revolutionary movement of workers in Iran. Those sections of the left who cannot see (or who pretend they cannot see) the serious risks posed by their collaboration with those involved in regime change from above, such as the Iran Tribunal, will become mere pawns in a game where the winner is international capital (and that inevitably includes Iranian capital) ●

Given the level of economic hardship, working class actions have been few and far between - workers are forced to take on second or even third jobs to pay their extortionate rents and are forced to spend hours in queues to feed their families. However, this month has seen a number of workers’ protests. A petition addressed to Iran's minister of labour has been secretly circulating among factories and workshops. By mid-October some 20,000 workers had signed the document, pointing out that wages agreed in March have lost half of their value - rent and food prices have doubled, and working class families cannot survive.

Meanwhile, 600 metal workers held protests outside the ministry on October 13 and managed to close one of the capital's busiest streets for almost an hour. This was followed the next day by another demonstration outside the offices of Tehran's provincial governor. Earlier, on October 10, hundreds of bus drivers

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Notes

1. www.washingtonpost.com/world/middle_east/iran-says-it-will-cut-imports-of-nonessential-goods/2012/10/14/7291ba34-1640-11e2-a55c-39408fb6a48_story.html.
2. ‘EU moves closer to new Iran sanctions’: <http://uk.reuters.com/article/2012/10/12/uk-eu-iran-sanctions-idUKBRE89B0V1H20121012>.
3. ‘Obama implements additional Iran sanctions’: www.jpost.com/IranianThreat/News/Article.aspx?id=287319.
4. <http://hopi.org/?p=663>.
5. ‘Iran sanctions need time to work, David Cameron says’: www.bbc.co.uk/news/uk-politics-19957218.

ITALY

Failed refoundation

Salvatore Cannavo **La Rifondazione mancata, 1991-2008: una storia del PRC** Edizioni Alegre, Rome 2009, pp223, €14

The rise and fall of the Communist Refoundation Party (Partito della Rifondazione Comunista, or PRC) in Italy has probably been the most dramatic development on the European radical left over the last two decades.

At one stage it appeared to offer a widely applicable model of a new kind of broad, pluralist party that fused the best of the communist tradition, rooted in working class struggles, with a deep engagement with new social movements - particularly the anti-globalisation movement and the movement against the Iraq war in 2002-03. Then after the disastrous experience of participation as a minor partner in Romano Prodi's centre-left government of 2006-08, it completely lost its parliamentary representation; split in the most acrimonious way possible after supporters of Nichi Vendola refused to accept their narrow and unexpected defeat by 53% to 47% at the July 2008 congress; and is now merely the biggest of a variety of groups making some claim to represent communism in Italy, with almost no visibility in the mainstream media and no newspaper, daily or even weekly, of its own.

Cannavo's book represents the first serious attempt to analyse this experience. Whilst the opening and closing chapters have been translated into English¹ - perhaps not as fluently as one might have desired - the rest of the book (chapters 2-6) is so far only available in Italian. Cannavo's account makes no claim to being the definitive one - his subtitle very deliberately includes the phrase *una storia del PRC* (a history of the PRC) - and is avowedly partisan: the author is a leading member of Sinistra Critica, the Italian section of the Fourth International. Nonetheless, it cannot be described as a crude, sectarian polemic: it draws on a fair range of the available sources, both primary and secondary (newspapers, party documents, memoirs and existing journalistic, sociological, political science and historical accounts of the PRC's origins and development), and it does not just rely on the author's memory - although as a journalist who worked for 13 years for the PRC's now defunct daily paper *Liberazione*, and as a PRC deputy between 2006 and 2008, Cannavo had first-hand experience of many key episodes and a great deal of personal contact with many leading figures.

Key figures

The dominant figure in Cannavo's lively narrative, with no less than 112 citations in the index, is, of course, Fausto Bertinotti, who officially led the PRC as secretary from January 1994 until May 2006 and in effect remained in charge during Franco Giordano's secretaryship (2006-08). It probably needs to be emphasised to readers without a specialised knowledge of Italian politics that Bertinotti did not join the party at its foundation in 1991, only leaving Achille Occhetto's Partito Democratico della Sinistra (PDS) for the PRC in 1993.

The key figure in the early years of the PRC was really Armando Cossutta - who had stubbornly refused to follow Pietro Ingrao and many of the original leading objectors to the name change from ‘Italian Communist Party’ (PCI) to ‘Democratic Party of the Left’ (PDS) in belatedly capitulating to the confused notion of remaining communists within the PDS. But he was well aware that, as the longstanding leader of the small, traditionalist, pro-Soviet current within

the old PCI, he was, to say the least, not best placed to act as the PRC's public face, given the pressing need to draw in a much broader range of activists who had identified with the Ingrao left or the Berlinguerian centre of the old PCI and did not equate communism with the Soviet Union.

However, whilst Cossutta shrewdly chose Sergio Garavini as best suited to be PRC secretary (precisely because Garavini had signed a manifesto of 101 communist intellectuals opposing the invasion of Hungary in 1956 and had voted against the 1969 expulsion of the Manifesto Group for their intransigently anti-Russian stance over the invasion of Czechoslovakia), in practice the pair were soon at loggerheads. Cannavo is sufficiently objective to recognise (p35) that Cossutta came across as far more amiable and outgoing than Garavini. Garavini, finding himself easily outmanoeuvred by Cossutta, first resigned as party secretary and then left the party in 1995.

Cossutta, as president, was in effect co-leader of the party from 1994 to 1998, but despite public displays of friendship he eventually fell out with Bertinotti as bitterly as he had with Garavini. This was apparent from the public dispute about the PRC's line in relation to the Prodi government in 1997 - the quarrel culminated in the split of 1998, when Cossutta and his closest followers left the PRC to found the more traditionalist and Togliattian Partito dei Comunisti Italiani.

Although Cannavo does not say so, it should be noted that ironically there was much more of a leader cult around the anti-Stalinist, Bertinotti, than there ever was around the Stalinist, Cossutta. Whilst Cannavo rightly criticises the extent of that cult, he does not really address the issue of the shared responsibility of the Trotskyist current around Livio Maitan (which eventually became Critica Sinistra) for this state of affairs. The diplomatic abstentions and at times outright silences of the Fourth International supporters may have played a role, albeit a fairly minor one, in encouraging the eventual slow decline of internal democracy - to which they themselves fell victim after the Venice congress of 2005.

The Fourth International's motives may not have been explicable in purely Italian terms. Cannavo seems to suggest that the PRC's very early and intense involvement with the Social Forum movement of Porto Allegre was linked to Brazilian Workers Party leaders who at that stage were in, or close to, the Fourth International (p98). The limit of Cannavo's self-criticism is a vague remark on p148 to the effect that he should have taken unspecified “countermeasures” in 2005.

Bertinotti enigma

It is evident from Cannavo's vivid first-hand account of Bertinotti's role in Genoa in July 2001 (pp99-100) and the European Social Forum in Florence in November 2002 (p113) why so many of us put our trust in this charismatic figure. On the first occasion, he both succeeded in restraining a young crowd from attempting to take revenge on the authorities in the immediate aftermath of the shooting dead by police of Carlo Giuliani, and then persuaded tens of thousands to come to Genoa in solidarity the following day. This avoided the danger of the isolation of a movement repudiated by the PDS, which could have led to it being subjected to even more state repression

than actually occurred. On the second occasion, at Florence, he was quite prepared to declare to 5,000 people that “reformism is dead” and the “centre-left is defunct”.

Cannavo has come up with a plausible retrospective explanation of Bertinotti's shift back to the right, towards collaboration with the centre-left, that centres on the outcome of the June 2003 referendum, when the PRC sought unsuccessfully to extend the safeguards of article 18 of the workers' statute to workplaces with less than 15 employees (p120). More than 10 million people voted for the PRC's proposal, but the turnout was only 25.7% - both the right and the centre-left had urged abstention. In actual fact this was an impressive result for the radical left, which showed that the PRC had convinced a large proportion of the base of the PDS and the trade unions of the justice of their demands for an extension of the protections of article 18 to the entire working class, despite the opposition of the PDS leadership. However, Bertinotti seems to have swerved from an irrational, manic optimism that the referendum was winnable, despite the opposition of the PDS and leaders of the CGIL union confederation, to a depressive pessimism about the significance of the outcome, once it became apparent that there was no chance of getting near the quorum; here Cannavo is relying on the testimony of those who were with Bertinotti on the evening when the results came in.

More generally, Cannavo paints an ambiguous picture of Bertinotti, stressing both his genuine engagement with a wide range of ideas and his intellectual incoherence, reminding us that all his books took the form of extended interviews rather than organic, single-author texts. The author goes out of his way to draw attention to Bertinotti's more laudable private actions, such as his visits to the dying Trotskyist veteran, Livio Maitan, even if Cannavo qualifies this by pointing out that Maitan, despite his extremely long record of activity in the workers' movement, was never given an official position in the PRC.

One might even be tempted to argue that Cannavo is being a little too kind in his judgment on the closing phase of Bertinotti's political career, resisting the temptation to suggest that Bertinotti betrayed the party and the class it represented in exchange for the ‘honour’ and ‘glory’ of the presidency of the Chamber of Deputies - roughly the equivalent of the speakership of the British House of Commons and nominally the third office in the Italian state. Cannavo claims that, even if there was an element of personal ambition, Bertinotti sincerely imagined that he could use the office to the advantage of the party and the left as a whole. One might have thought that Bertinotti would have known that Ingrao had already failed to use the office in such a way in the late 1970s - although, of course, vanity and self-delusion can take an infinite number of forms.

Whilst, as Cannavo implies, the leader cult could be seen as a continuation, however unconscious, of the tradition of the old PCI, which had granted a similar status to both Togliatti and Berlinguer,

as part of what Cannavo calls the *rifondazione mancata* (failed refoundation), the phenomenon has a wider, international relevance. Various other attempts to create new parties of the left since 1991 - not least in Britain - have been dependent on such charismatic leaders: the Socialist Labour Party with Arthur Scargill, the Scottish Socialist Party with Tommy Sheridan and Respect with George Galloway. Whilst for all his weaknesses Bertinotti was a better party leader than any of that trio, the general points about the dangers of giving excessive authority to any one individual, however gifted, apply both in terms of internal democracy and the long-run survival of the organisation itself, which can fall as well as rise with an individual's personal trajectory.

Left or right?

In the light of the recent stance taken by the veterans of the *New Left Review*, it is worth reiterating some points made by Cannavo in the course of his narrative. Such veterans have been dismissive of Bertinotti and the PRC, but remarkably indulgent towards Lucio Magri, Rosanna Rossanda and the Manifesto tradition in general - the very tradition that a quarter of a century ago the *New Left Review's* central figure used to privately decry as “fag-end Maoism”.² Those who have in recent years waxed lyrical about *Il Manifesto's* stance on Afghanistan ought to be very forcibly reminded that in 1995 the Manifesto Group came out in support of the aggressively neoliberal government of the rightwing banker, Lamberto Dini, urging the left to “swallow the toad” in order to weaken Berlusconi. Moreover, Lucio Magri, Luciana Castellina and other PRC parliamentarians who split to form the Comunisti Unitari helped Dini push through attacks on pensions.

Cannavo, as a longstanding *Liberazione* journalist, also reveals that after the paper's reincarnation as a daily (as opposed to a weekly) in 1995, the Manifesto collective regarded it as a rival for circulation and repeatedly hoped that it would close (p45). Sadly, the Manifesto comrades have seen their dream come to pass, but their excessively intellectual approach and political eclecticism - courting those in or near the Democratic Party's rather feeble ex-‘official communist’ Bertinotti betrayed the party and the class it represented in exchange for the ‘honour’ and ‘glory’ of the presidency of the Chamber of Deputies - roughly the equivalent of the speakership of the British House of Commons and nominally the third office in the Italian state. Cannavo claims that, even if there was an element of personal ambition, Bertinotti sincerely imagined that he could use the office to the advantage of the party and the left as a whole. One might have thought that Bertinotti would have known that Ingrao had already failed to use the office in such a way in the late 1970s - although, of course, vanity and self-delusion can take an infinite number of forms.

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Bertinotti: supported bourgeois government

project makes him more generous towards Magri's *Rivista del Manifesto*, a magazine that existed from 1999 to 2004, he acknowledges that the *Rivista* was urging the PRC to revert to the strategy of ‘structural reforms’ associated with the PCI in the 1950s and 1960s and to put external pressure on the more moderate left rather than challenge it head on (pp137-38). In short, the real story of the Magri/Manifesto critique of the PRC is of a series of attempts to pull it to the right.

Without a fight

Chapter 6 deals with the events of 2006-08, but is less satisfactory as a general historical account of the PRC than the earlier chronological sections and eventually narrows its focus to Sinistra Critica itself, without ever explaining why, having adopted what British readers would call a long-term ‘entryist’ position in relation to first Democrazia Proletaria (DP) and then the PRC itself (once DP had dissolved itself into the PRC in late 1991), this group quite suddenly walked away from the PRC without a fight.

One might have assumed that, had Sinistra Critica taken a clearly thought-out, collective decision to break with the PRC over Afghanistan, it would have urged a more straightforward and overtly defiant vote against government policy in order to justify its exit to a wider layer of anti-war activists outside its own ranks. After all, it had become perfectly clear that the PRC leadership was not going to tolerate continuing dissent in any further parliamentary votes on the issue - Cannavo's own account describes how other anti-war PRC parliamentarians who had rebelled in previous votes in the Chamber of Deputies retreated in the face of such pressure.

In conclusion, whilst Cannavo's historical account is extremely informative and many of his criticisms of the course taken by the PRC between 1991 and 2008 are amply justified, no serious attempt is made to assess the future prospects of the PRC, which despite institutional inclinations on the part of some of its remaining local and regional councillors is inevitably being pulled leftwards in reaction to the liquidationist course of its former right wing - Vendola's Sinistra Ecologia e Libertà (SEL), which seems set on a gradual fusion with the PD and has firmly rejected the June 2012 unity call for an ‘Italian Syriza’ made by the PRC.

If Sinistra Critica has seemingly rejected the ‘broad party of the left’ strategy favoured by the majority of the Fourth International, it has had very little success as a pure and combative formation of the extreme left, a niche that has been far more effectively filled by Ferrando's Partito Comunista dei Lavoratori. Indeed, so far as an outsider can judge, the line of *Falce e Martello* (Granites) and Controcorrente (Committee for a Workers' International) of continuing to work inside the PRC seems a more logical tactic for Trotskyists aiming at left regroupment ●

Toby Abse

Notes

1. D Bensaïd, A Krivine, F Louca etc *New parties of the left: experiences from Europe* London 2011.
2. The Maoism of the Manifesto group did not end in 1969, in 1976 the *Il Manifesto* front page obituary of “comrade Mao Tse Tung”, recently republished as if it were a proud moment in the party's history, was another eulogy of the Chinese tyrant. The assessments of the Chinese Cultural Revolution in the books recently published by Magri and Rossanda remain as absurd as ever.

STRATEGY

Rebuild the movement

The call for a general strike to bring down the government is out of place, writes Mike Macnair

The bulk of the far left sees the TUC October 20 demonstration against austerity as an opportunity to carry on an agitation for a general strike to bring down the government.

Socialist Worker headlines this week: “Out! Out! Out!” The accompanying text argues for a general strike and further escalation. “The magnificent strike on November 30 last year gave a glimpse of the power workers have, when taking mass action together. Strikes like this can drive the Tories into submission.”¹

Last week’s headline in *The Socialist* read: “Kick out the ‘nasty party!’” The accompanying text claims (as the Socialist Workers Party has also claimed on other occasions) that “This is a weak government that we can kick out ... The call for a general strike received huge support at the recent demonstration outside Tory conference.”² (*The Socialist* says that the size of this demonstration was “thousands”; Indymedia reports 5,000, a lot smaller than the 30,000 or more who demonstrated in Manchester in 2011.)³

Socialist Resistance has published online its leaflet for October 20. “Step up the struggle! Strike against austerity!” are the opening headlines. But at least the leaflet flags up the party question in some way: “Demonstrations and strikes are absolutely necessary to stop austerity, as well as a massive and united movement of resistance. But we also need a political solution to our struggle so that we can have in government a party, like Syriza, which will reverse austerity ...”⁴

Articles in the Alliance for Workers’ Liberty’s *Solidarity* do not display a consistent view. Martin Thomas’s introduction to the AWL’s coming conference is appropriately sober on perspectives:

On one level, unresolved capitalist crisis, which means continued depression at a global level and a high possibility of further economic dramas: for example, in the euro zone. In Britain working class conditions are being squeezed deeper and longer than in the 1930s or under Thatcher.

All that makes upheavals likely before long. Maybe not mass strike waves, which are more likely to come with some economic recovery than in the depths of the slump; but explosive local industrial struggles, street protests, and ‘molecular’ radicalisation of individuals.

On another level, Britain now has a period of working class lull following the setback on pensions on December 19 2011, which with each passing month becomes more like an outright defeat.

We cannot end the lull at will ...⁵

On the other hand, Daniel Randall and Sacha Ismail offer ‘A workers’ plan to beat cuts’, which is in substance a general ‘action programme’ (a shortened and immediatised version of a party programme). After the introduction, it begins with:

No cuts to jobs and services: we need a massive campaign of industrial and political action against the cuts, starting now, not at some point in the future after the TUC demo.

Struggles must be fought around clear demands, and fought



Rein our movement to the idea of solidarity and cooperation

to win - not simply to express displeasure at some already-taken action of the bosses or government.

This is a slightly less explicit version of the ‘general strike now’ line of the SWP and Socialist Party in England and Wales.

It ends, as such programmes usually do, with “Fight for a workers’ government!”. The formulations are muddled, but I am not concerned to criticise them here. The point is that the whole structure of the action programme, the ‘plan to beat the cuts’, supposes that the struggle is, and likely in the near future to escalate to the point of putting on the agenda the question of government - not in the sense of an early general election and handover of office to the Labour right, but in the sense of a *left* government, one which “could only take power on the back of struggles so wide-ranging that they would shake up (and, in all likelihood, break up) the current Labour Party to such a degree as to render it unrecognisable”.⁶

The Anti-Capitalist Initiative website has two articles *by the same author, on the same day* - John Bowman, October 14 - which are similarly schizoid. ‘After the march - will the TUC step up the action?’ is conventional general-strikism: “A

one-day strike is ultimately a protest.

It would need to be turned into sustained mass strike action to stop the cuts, and defeat a government that is determined to destroy the welfare state ...”⁷ The piece headed ‘What should the TUC do?’ recommends a much more low-level set of policies to rebuild the trade union movement, but ends with “time to start matching fighting talk with real action that can win”.⁸

An awful lot of these far-left lines are written as if we were in the year 1974 - after the second miners’ strike had brought down Heath, and before the labour law ‘reforms’ of Wilson and Callaghan had succeeded in undermining the shop stewards’ movement - let alone, before Thatcher’s decimation of British manufacturing industry, the extensive robotisation of much that remains, the defeat of the 1984-85 miners’ strike and all that has followed it.

Where we are now is not on the verge of a revolutionary crisis. The task we face is not the immediate struggle to bring down the government, but to *rebuild the workers’ movement*. Strikes, including one-day protest general strikes, have a real place in that task. Slogans or strategies of a ‘general strike to bring down the government’ are right now

if the movement itself has largely withered, as all such spontaneist direct-action ‘spectacular’ projects do. Owen Jones’ *Chavs* becomes an Amazon bestseller. Government chief whip Andrew Mitchell calling cops ‘plebs’ becomes, for a while, a political running sore. David Cameron finds it necessary to claim that he stands for “privilege for all” - a nonsensical slogan.

The Eurocommunist idea argued by the late Eric Hobsbawm and others, that issues of class are gradually being superseded by identity issues - gender, race, sexuality - as motivators of radical critique of the present order, has spectacularly proved itself false. Capital has shown in the last 20 years that it *can* be anti-racist, anti-sexist, etc, in its own way; what it *cannot* do is avoid waging war on labour.

The crisis and austerity accentuate the issue, since the Con-Dem government is determined not to waste the opportunity to push through attacks on welfare and privatisation of the health and education systems. The effect is an obviously corrupt government acting in the interests of its ‘1%’ paymasters at everyone else’s expense.

This context *has* necessarily produced a real, if as yet small, revival of militant collective action. Days lost through strikes rose in 2011 to the highest level for eight years. A large chunk of this was the one-day public sector action on November 30, but if this element of the 2011 figure is subtracted, there would still have been a rise in strikes.

Downside

On the other hand, if days lost through strikes have risen, they remain at historically low levels relative not only to the 1970s, but to any time since World War II. Union membership is around half where it stood in the 1970s. The level of organisation remains extremely weak: paradoxically, it is this *weakness* which has allowed the far left and militants linked to it to make gains in elections and conference resolutions in the official structures of the trade unions.

Since the 1980s, robotisation and so on have produced an extremely productive industrial sector, but one with a far smaller workforce (the natural result of increased productivity) dispersed in relatively small (in terms of numbers employed) workplaces. Large workforces and workplaces have become a feature mainly of the service sector and in particular of the public sector.

There has been a long-term trend away from full-time into part-time employment, which has been accelerated by the effects of the 2008 crash. *In itself*, this would be a good thing: communists *favour* shorter hours for each worker and on that basis work made available for all. But *under capitalism*, part-time working leads to impoverishment and welfare dependency. This is because the combination share of rent and mortgage interest in the social surplus product, the multiplication of competing financial ‘utility providers’ for gas, electricity and so on, and agricultural subsidy in the form of price maintenance and set-aside (the EU Common Agricultural Policy) elevates the cost of living relative to *full-time* wages; and it is considerably harder for part-time workers to organise collective action in the workplace than for full-time workers. Iain Duncan Smith’s massive

I do not definitely say, as Martin Thomas does, that the capitalist crisis is ‘unresolved’. This may be true, but it may also turn out that enough of the losses have been externalised away from the ‘core countries’ through money-market mechanisms for there to be a new limited upturn or even a new bubble, on the basis of the extraordinary levels of money-printing that have gone on in the last period.

Secondly, the politics of class is back with a vengeance. Occupy Wall Street’s slogan against the 1% - the ruling class - resonated widely, even

attack on part-time workers’ benefit rights is about to kick in, with incalculable effects.

This is only one of a number of cuts and austerity measures which are either not yet introduced in practice or have yet to take their full effect. The result is that, though the Con-Dems have been talking down the economy and emphasising how bad everything is, the need for cuts, the ‘unsustainability’ of pensions, the welfare state and so on, Britain remains in economic stagnation. It is not - yet - in a real deflationary death spiral like Greece or, to a lesser extent, Spain.

Going along with this, although there is considerable hostility to the government’s cuts/austerity policy, this does not yet in any sense amount to a *crisis* of the political order. Polls show Labour under a rightwing leadership around 10% ahead of the Tories - normal in mid-term. The Tory vote at around 30% is holding up quite well. The Liberal Democrat showing at 9% is dramatically down on the party’s 2010 general election result, but not in complete collapse territory, given its regional distribution.⁹

As far as far-left electoral support is concerned, the Trade Unionist and Socialist Coalition (run by SPEW with the support of the RMT union leadership and the episodic participation of the SWP) has been able outside London to achieve results comparable with the middle to stronger end of far-left candidacies under the names of the Socialist Alliance in 2000-05 and by the SWP under its own name and the rival Socialist Unity in 1976-78. It has not got beyond this level and shows no sign of mobilising activists on the ground sufficiently to do so.

Beyond this is the absence of the vision of an alternative to the system of capital. Marx’s diagnosis of the ills of capitalism may be ‘back’, but the alternative - socialism - is still in the shadow of Stalinism. The organised far left constantly reminds the broad layer of activists of Stalinism through its own bureaucratic-centralist internal practice, which generates both unprincipled splits and the duplication of bureaucratically controlled front organisations, which fraudulently pretend to be broad ‘united fronts’: Counterfire’s Coalition of Resistance, the SWP’s Unite the Resistance, SPEW’s National Shop Stewards Network, and so on. The unorganised far-left ‘independents’ and the anarchists are if anything worse: *quot homines tot sententiae* - as many opinions as there are individuals - forming thousands of sects of one member.

This Stalinist shadow also results in the unwillingness of the far left to actually propose anything more than immediate minimum demands, plus utopian fantasies of Keynesian management of national capitalism, which are disproved by the ability of *financial* sanctions to destroy the domestic economies of - in recent decades - Iraq, Zimbabwe and Iran. That unwillingness is reflected not only in the

policies proposed by the Labour left, by the *Morning Star*’s Communist Party of Britain, by the SWP, SPEW and AWL, but also in the electoral platforms of strong left parties like Syriza in Greece and the Socialist Party in the Netherlands. This shows that it is not only a matter of electoral weakness, but of an underlying failure of imagination - the inability to conceptualise an alternative other than Stalinism.

Given these weaknesses, how on earth could we imagine that the question of the working class taking political power is immediately posed, in a way which would make the idea of a general strike to bring down the government an appropriate agitational idea? The problem is to *rebuild the workers’ movement* into one capable of posing the question of power: which, at the moment, it is not - even in Greece.

Rebuilding

Rebuilding the workers’ movement is a long and not straightforward task.

At the core of any workers’ movement are the trade unions. However, militants think in ways which are obstacles to rebuilding. Those above the age of 50 grew up in a world very different from today’s - a world of large, concentrated workplaces of full-time workers, under full-employment conditions, in which shop-steward workplace militancy could build the union. They transmit their ideas to the younger generations.

But high unemployment has become endemic; and the trend to part-time working and smaller workplaces has made union organisation problematic except for limited groups like railworkers and prison officers. Trade unions must therefore look to organise the part-timers, the casuals, even the unemployed. To do so they need to shift away from their focus on *workplace* organisation to *district* organisation. They also need to increase their emphasis on the welfare and educational roles of trade unions, as the state withdraws from this field.

However, trade unions alone are not enough. The importance of cooperatives and mutuals in redeveloping the institutions and traditions of working class solidarity is increasing and will continue to increase in the modern conditions of retreat from full employment and welfarism.

These activities sound banal and unexciting by comparison with agitating for the general strike. But it is the steady, long-term, banal and unexciting activities which create the conditions for broad layers to imagine themselves, rather than the ruling class, running society; and hence for mass actions which *do* begin to pose the question of an alternative to capitalism.

Alongside these activities is the necessity of working class *political* action. This is grasped in a one-sided way by Socialist Resistance with its call for “a party like Syriza”; and in another one-sided way by *The Socialist*, for whom it just means ‘Build Tusc into a new Labour Party’;

Fighting fund

Ambitious?

“**A**lways happy to donate to the most informative and interesting read on the left,” writes RW, in the message accompanying his £50 PayPal gift. “Keep up the good work - we need the *Weekly Worker* more than ever.” Excellent sentiment, comrade. And backed up with hard cash too.

Another donation via the same medium was the £10 from RP - those two were among the 9,487 people who read us online last week. Then there were the standing orders that landed in our account over the last week - thank you, MM (£75), AM (£50), DW, JD and SP (£20 each), and SP and MKS (£5). Finally, SJ rounded up his £6.95 payment for a copy of *Which road?* to a tennor, with instructions for the remaining £3 (and 5p!) to be used for the paper.

All that gives us an extra £258 this week and takes our October fighting fund running total to £1,060. So, with just about two weeks to go, we are well on the way to smashing through our £1,500 target. And we need to, as we have to make up for that £167 shortfall in September. Am I being too ambitious in suggesting that we should raise our sights to £2,000 this month? I don’t think so. It just needs a few extra comrades to send us a cheque or get out that piece of plastic next time they go to cpgb.org.uk.

Are you one of them?

Robbie Rix

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and in yet another and equally one-sided way by the AWL - comrades Randall and Ismail characterise Labour as “woefully inadequate” (not pro-capitalist, comrades?) and argue for “fighting to restore Labour Party democracy”.

Randall’s and Ismail’s action programme has the merit of containing some democratic demands: annual parliaments, a worker’s wage and an end to “the assault on basic democratic freedoms” in relation to kettling, policing and free speech. But if they have done better here than the pure advocates of the general strike, they fail to grasp that rebuilding the workers’ movement demands a parallel political offensive against the active intervention of the capitalists in and against this movement through the legitimacy of parliament, the capitalist monopoly control of the mass media, and the corrupt ‘free market in legal services’ judiciary.

It is this fight against capitalist political control which demands a workers’ *political party* and workers’ *independent media* as part of the process of rebuilding the movement. A party is not just an instrument for elections and seeking office in government. Rather, intervention in elections, especially round democratic issues, are means to delegitimize the electoral system - and hence the government’s claim to a ‘majority’ - the media and the judicial system.

This question, however, is interlocked with the problem of democracy in the workers’ movement. A trade union controlled by bureaucrats, a cooperative by managerial tops, a Labour Party or SWP controlled by its full-time staff *demobilises* the membership and tends to weaken its own organisation.

But political loyalty to the British nation-state and the parliamentary constitution is the core of Labourist politics, both among Labour leaders and trade union bureaucrats, left as well as right. This loyalism *inherently implies* a party reliant on the capitalist mass media and subservient to its bidding. And this in turn implies the regime of bureaucratic-centralist control, and a consequent demobilisation and weakening of the movement itself.

By making unity with the trade union tops or with ‘broad forces beyond Marxists’ the precondition for unity with the rest of the left, the SWP, SPEW and other advocates of this approach in fact commit themselves to *not* doing in an organised way the work of ‘scandalising’ the political institutions, which is essential if we are to rebuild the workers’ movement.

The underlying need is to rein in our movement to the idea of *solidarity and cooperation* of the working class as a class, and recreate the institutions and practices which express this idea. This is why actions like the October 20 demonstration, why coordinated walkouts and one-day protest general strikes are useful *steps towards rebuilding*: they assert the common class interests of the working class.

They would be more useful still if they were organised on a continental scale, to reassert the common interests of the working class as a class across Europe; and, for example, to rebuild the May Day festival worldwide, in order to reassert our common *global* interests.

But the best should not be the enemy of the good. We should undertake the task of rebuilding the movement both in its banal and local aspects and also in whatever inspiring demonstrations of solidarity we can manage. By doing so we will create the conditions in which the working class *in future* will be able to take its destiny into its own hands ●

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Notes

- Socialist Worker* October 20.
- The Socialist* October 11-17.
- www.indymedia.org.uk/en/2012/10/501166.html.
- http://socialistresistance.org/4047/strike-against-austerity-leaflet-for-download.
- www.workersliberty.org/story/2012/10/17/getting-ready-upheavals.
- www.workersliberty.org/story/2012/10/17/workers-plan-beat-cuts.
- http://anticapitalists.org/2012/10/14/after-october-20-tuc.
- http://anticapitalists.org/2012/10/14/what-should-the-tuc-do.
- http://ukpollingreport.co.uk.

What we fight for

■ Our central aim is the organisation of communists, revolutionary socialists and all politically advanced workers into a Communist Party. Without organisation the working class is nothing; with the highest form of organisation it is everything.

■ The Provisional Central Committee organises members of the Communist Party, but there exists no real Communist Party today. There are many so-called ‘parties’ on the left. In reality they are confessional sects. Members who disagree with the prescribed ‘line’ are expected to gag themselves in public. Either that or face expulsion.

■ Communists operate according to the principles of democratic centralism. Through ongoing debate we seek to achieve unity in action and a common world outlook. As long as they support agreed actions, members have the right to speak openly and form temporary or permanent factions.

■ Communists oppose all imperialist wars and occupations but constantly strive to bring to the fore the fundamental question - ending war is bound up with ending capitalism.

■ Communists are internationalists. Everywhere we strive for the closest unity and agreement of working class and progressive parties of all countries. We oppose every manifestation of national sectionalism. It is an internationalist duty to uphold the principle, ‘One state, one party’. To the extent that the European Union becomes a state then that necessitates EU-wide trade unions and a Communist Party of the EU.

■ The working class must be organised globally. Without a global Communist Party, a Communist International, the struggle against capital is weakened and lacks coordination.

■ Communists have no interest apart from the working class as a whole. They differ only in recognising the importance of Marxism as a guide to practice. That theory is no dogma, but must be constantly added to and enriched.

■ Capitalism in its ceaseless search for profit puts the future of humanity at risk. Capitalism is synonymous with war, pollution, exploitation and crisis. As a global system capitalism can only be superseded globally. All forms of nationalist socialism are reactionary and anti-working class.

■ The capitalist class will never willingly allow their wealth and power to be taken away by a parliamentary vote. They will resist using every means at their disposal. Communists favour using parliament and winning the biggest possible working class representation. But workers must be ready to make revolution - peacefully if we can, forcibly if we must.

■ Communists fight for extreme democracy in all spheres of society. Democracy must be given a social content.

■ We will use the most militant methods objective circumstances allow to achieve a federal republic of England, Scotland and Wales, a united, federal Ireland and a United States of Europe.

■ Communists favour industrial unions. Bureaucracy and class compromise must be fought and the trade unions transformed into schools for communism.

■ Communists are champions of the oppressed. Women’s oppression, combating racism and chauvinism, and the struggle for peace and ecological sustainability are just as much working class questions as pay, trade union rights and demands for high-quality health, housing and education.

■ Socialism represents victory in the battle for democracy. It is the rule of the working class. Socialism is either democratic or, as with Stalin’s Soviet Union, it turns into its opposite.

■ Socialism is the first stage of the worldwide transition to communism - a system which knows neither wars, exploitation, money, classes, states nor nations. Communism is general freedom and the real beginning of human history.

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weekly worker

Only after his death can the truth be told

Establishment's dirty little secret

The scandal surrounding the sexual exploits of Jimmy Savile is already about much more than what did, or did not, happen in BBC green rooms decades ago.

Police are investigating 120 accusations of sexual molestation against Savile who, until a month or two ago, was a certified national treasure (although those of us too young to have seen the man in his prime have always regarded him as being a little on the creepy side - not a good way for us to win an argument with our elders and betters).

Police investigations are rumoured to stretch away from Savile's media career, into his much-touted charitable work. He volunteered for many years at Broadmoor psychiatric prison and Stoke Mandeville hospital in Aylesbury - both gigs appearing to have come with a free run of the place.

The allegations of former patients and inmates are especially disturbing; the police have described him as a predatory sex offender, which - if much of this stuff is at all true - is surely the understatement of the year. Savile seems to have a had a knack of worming himself into positions in which (very) young women (or boys) would be available to him, one way or another, in a manner - fittingly for a West Yorkshireman - reminiscent of the sociopathic sexual sadists that populate David Peace novels.

Savile, of course, is not around to defend himself any more - but the public indignation is building up regardless. His family have removed his headstone from his resting place in Scarborough, and barely a day goes by without another putative victim going public with her or his story. Savile liked them young - and the implied pattern of behaviour suggests that he liked them vulnerable as well, with nowhere to hide.

Hidden agendas

In the absence of the man himself, the institutions which gave him the opportunity to satisfy his cravings are open to attack. This is very likely to result in substantial civil claims against the BBC and the NHS.

Certainly, the BBC has hardly covered itself in glory in the past few weeks. Conflicting statements from current and former top brass paint a picture of desperate back-covering exercises. The mysterious disappearance of a mooted *Newsnight* segment on the affair has raised a few eyebrows, as well as speculation over bureaucratic interference. After vacillating over setting up an internal inquiry, director general George Entwistle and chairman Chris Patten now apparently have several in the works.

All this fits into an all-too-recognisable pattern at the corporation. Budget cuts have translated into redundancies and downsizing at the base, but have accelerated the process of bureaucratic hypertrophy in its middle and upper echelons. Whole layers of middle management apparently exist just to kick consultancy jargon from one office to another. The new broadcasting house has far better facilities for these types than for lowly programme-makers and researchers. The gravy train rolls



Margaret Thatcher and Jimmy Savile: shared values

on - until a crisis hits, and the BBC's inertia becomes painfully obvious to everyone.

On the other hand, it is worth asking *why* this so rapidly became a story of institutional failures at the BBC. It is quite correct, on one level, to rise above the increasingly turgid 'monster paedo sex fiend' clichés that surround cases like this; questions are being asked about the institutional basis for these crimes, for once. By the same token, however, we need to ask: why *this* time? The answer is: *because it's the BBC*.

Take the *Daily Mail*'s provocation: put Lord Justice Leveson on the trail of Jimmy Savile! As wiser commentators have pointed out, this takes care of two problems for editor Paul Dacre. Firstly, it is an opportunity to hit out at Leveson. When Leveson is inevitably not called to do the job, the way is open for Dacre to decry the liberal establishment's kid-glove treatment of the BBC, as opposed to its spectacular purge of the gutter press. Dacre is not expected to get out the other side of Leveson without a serious judicial reprimand at the very least: the judge is certainly not impressed by his mendacious testimony, routine use

of newsroom bullying and aggressive hatchet-job style of journalism.

The BBC, conversely, is a strategic rather than a tactical enemy. The *Mail* has always had it in for the 'Bolshevik Broadcasting Corporation': when it is not guilty of 'blatant leftwing bias', it is too much the representative (however clumsy) of a cultural modernity at odds with the more properly Reithian patrician values that appeal so viscerally to *Mail*-reading petty bourgeois *enragés*.

The *Mail*'s Beeb-baiting is by turns hysterical (the 'communist conspiracy' theory of public-service broadcasting is never far from the surface) and hypocritical. The hypocrisy is best exemplified by the last chance Dacre got to really twist the knife - so-called 'Sachsgate', which saw asinine twits Russell Brand and Jonathan Ross leaving lewd comments on Andrew Sachs's voicemail about the latter's granddaughter.

Yet it is still to a certain extent an honest vendetta. For the Murdoch press, it has always primarily been a matter of cold, hard cash at the end of the day; the BBC is a serious competitor to Rupert Murdoch's media empire on many (if not all) fronts,

still a relatively trusted source of TV news and a website of first resort for the same purpose. Organisations like the BBC may not get to set the news agenda in the way that the press do; but enough faith is generally put in the innumerable compliance and balance policies at work in the corporation that is speaks with a greater level of authority than Murdoch's Sky News.

Savile, then, is a gift to both Dacre and Murdoch. Both would shrink from the accusation that they were using this affair as a cover for a base war of position in the media; but the rightwing press simply has too much form on this point for any other interpretation to be possible.

Victims gagged

There is another, underlying falsehood - while poking at an institution like the BBC is closer to a serious perspective on the Savile scandal than we might expect, it is *still* too small a frame for the story.

We should first return to the point that all this has come out only now that Jimmy Savile is dead. It stretches the bounds of comprehension that there were not women prepared to go public at an earlier date; but then

that is par for the course in Britain - a country with such punitive libel laws that there is actually a highly profitable 'libel tourism' industry running in London.

It would not be difficult for Jimmy Savile to silence his victims - and any newspaper that threatened to print their accusations - with heavy-handed legal threats. The burden of proof would be on the papers. Where to get proof? It is quite clear that the BBC was covering for behaviour which at least parts of its bureaucracy was aware of. It is clear, moreover, from the track records of NHS organisations in silencing and harassing whistleblowers that in that organisation too the careers of highly-paid managers come before the wellbeing of patients. It would be naive to imagine that the suits at Stoke Mandeville were above burying the truth.

In those circumstances, it would be a victim's word against Savile's - in circumstances rigged in favour of the latter. Add in the utterly callous attitude to rape victims typical of the police force and justice system of the time, 20 to 40 years ago, when most of the abuse is alleged to have taken place, not to say the macho, old-boys-club character of the establishment (and the casual misogyny of much of the media), and you have an insurmountable struggle for the victims.

Jimmy Savile is the entire establishment's dirty little secret. All sections of our appointed superiors have something to be embarrassed about - not least because all the problems raised, from the legitimised intimidation that is libel law to the routine failures to protect vulnerable people in psychiatric and medical care, are still with us to one degree or another.

From that angle, it is very positive that these women are starting to tell their stories. This is one skeleton in the establishment closet long overdue a good airing, and it will be disturbing but interesting to see where the hundred and one inquiries lead - and what they show us about this sick society ●

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